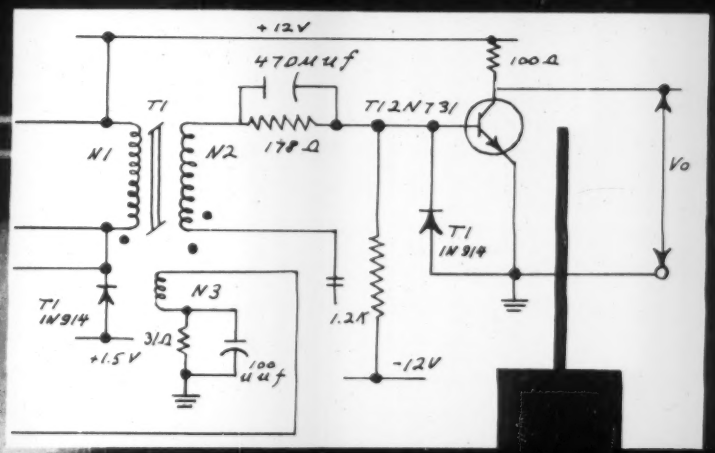
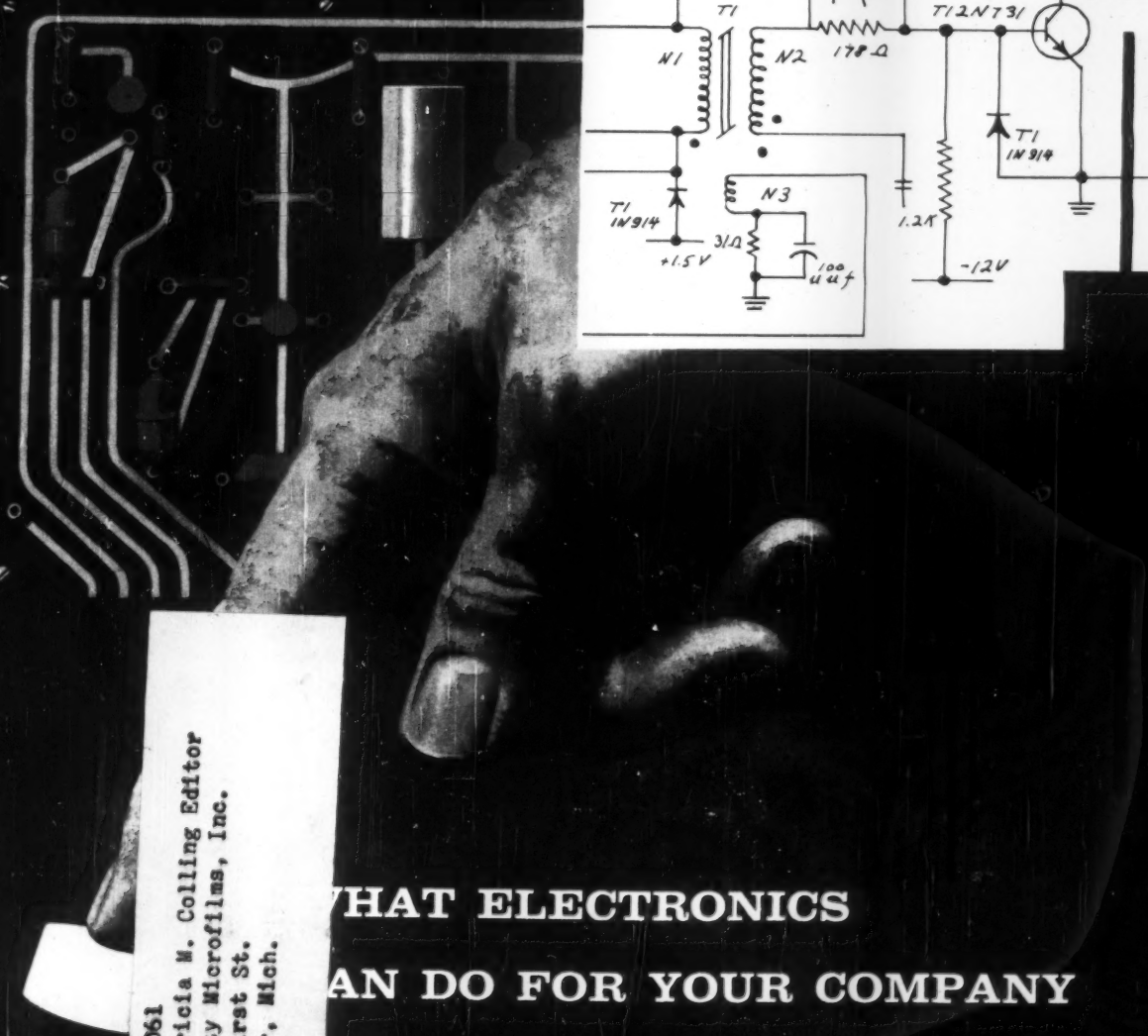
January 1961 75¢

DUN'S REVIEW
AND MODERN INDUSTRY

- Presidents Face the Cost Challenge
- The Myth of the Cost Cutter
- Kennedy's Economic Dilemma





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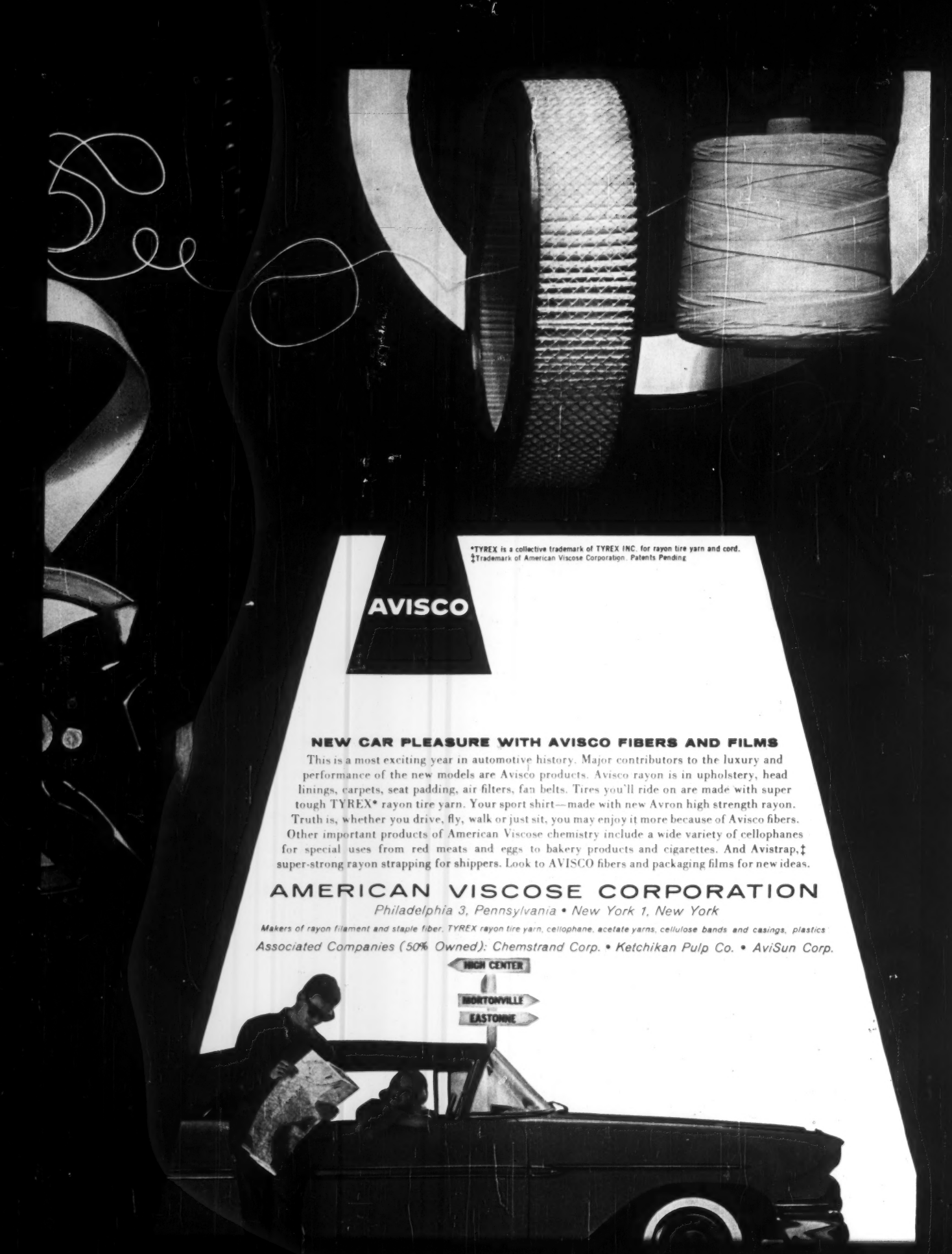

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DUN'S REVIEW
AND MODERN INDUSTRY

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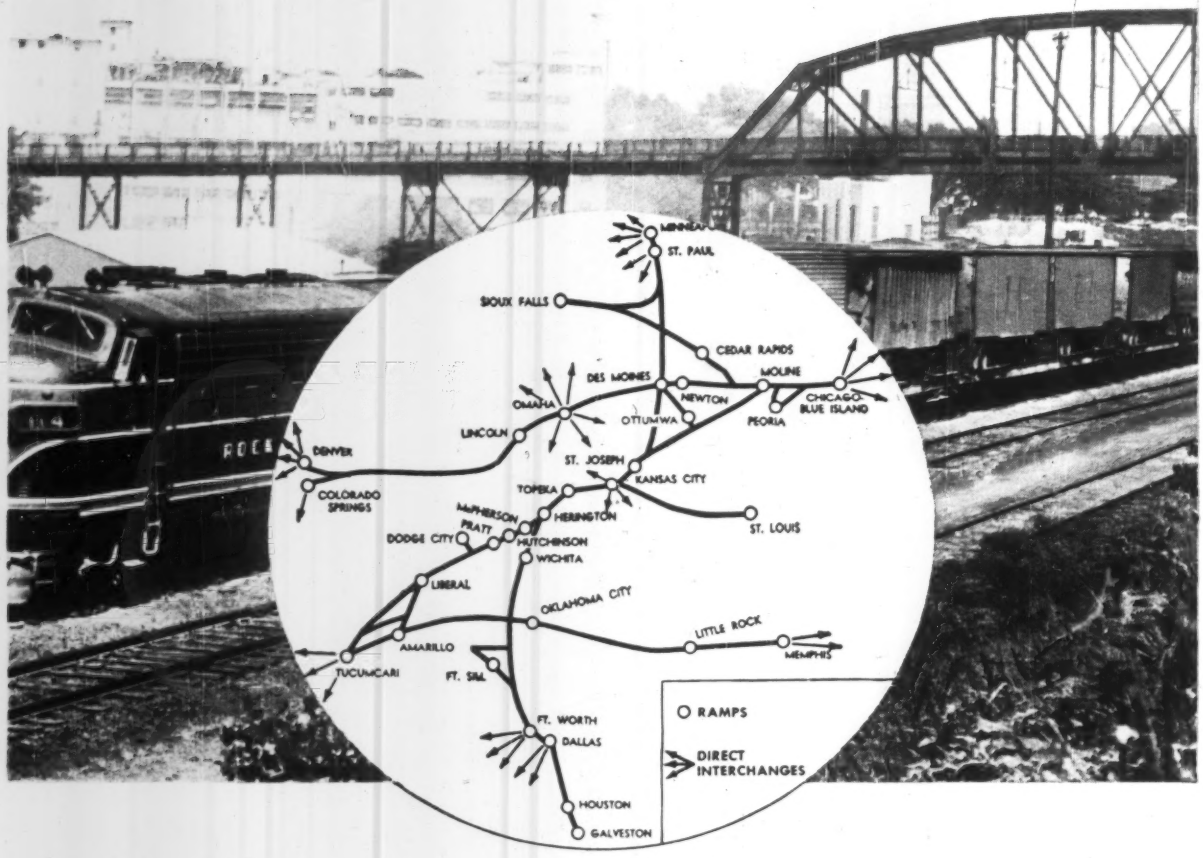

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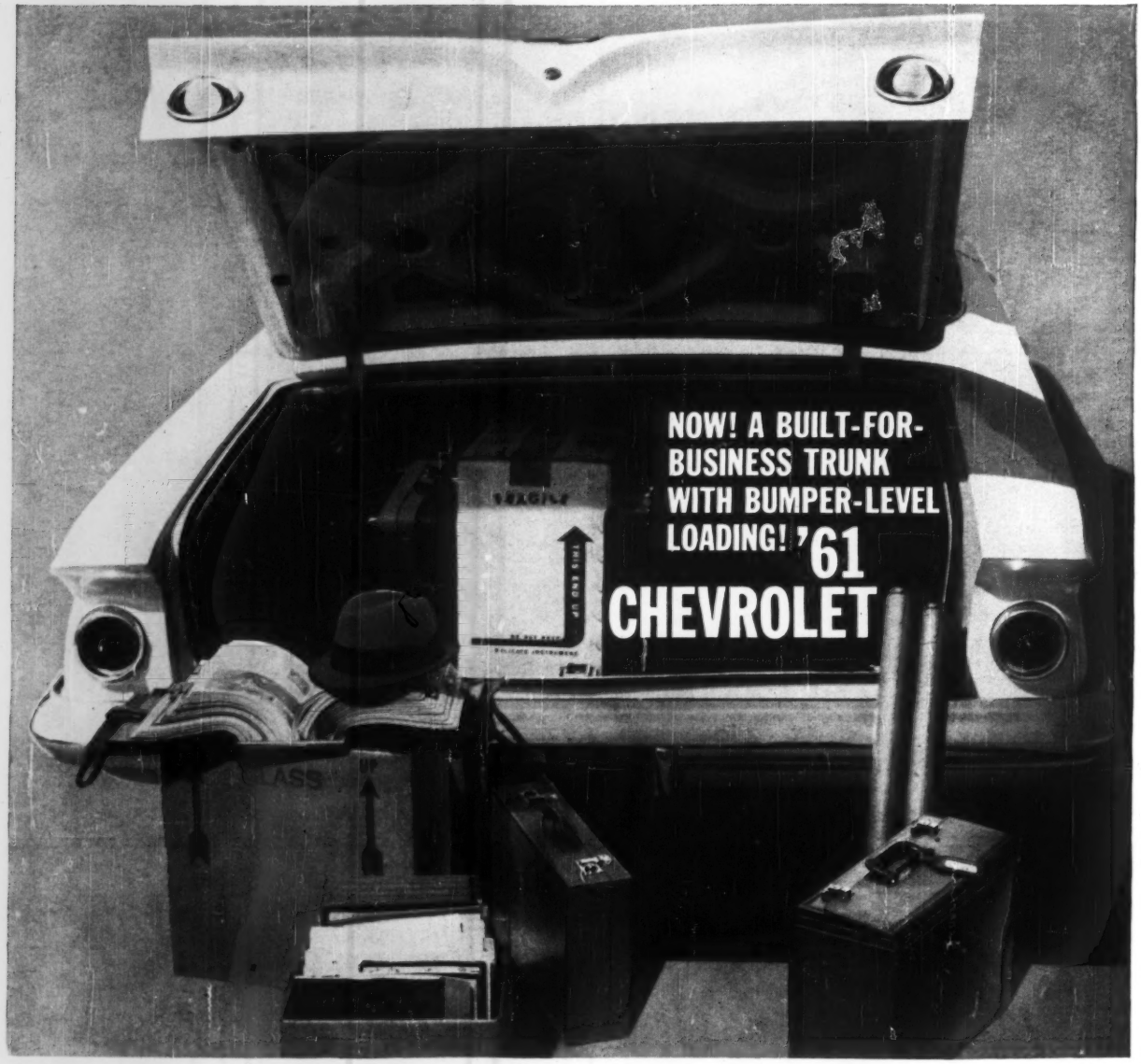

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Letters to the Editor

The Significance of Trade

To the Editor: I am called upon to read many editorials and speeches, but seldom do I have the opportunity to read a piece as thoughtful as "Trade: The Willing Servant" (December).

SAMUEL C. WAUGH
President
Export-Import Bank of Washington
Washington, D. C.

Magic Indeed!

To the Editor: Do you have any department for people who disagree with your articles? In my opinion, Clarence B. Randall's "Myth of the Magic Expense Account" (August 1960) is out of order. American business does not squander money on foolishness as the article intimates. A corporation in the highest tax bracket contributes 48 cents of each dollar when a customer is taken out for dinner and cocktails. No well-managed company allows its men to throw money away.

Mr. Randall is not willing to admit that the chorus girl, the maître de, and the bartender are just as much a part of our economy as the stockbroker and the banker. Without expense accounts, this type of entertainment could not survive. In addition, 65 to 70 per cent of the price of liquor is tax which goes right back to support our Government.

Our nation is great because every livewire company spends money to make money. If Mr. Randall is correct, then let's go all the way—no deductions for advertising or anything that might build business. Then let him see how we could get ourselves into the darnedest depression this country ever saw.

PAUL L. HOLENSTEIN
President
Prudential Diversified Services
Butte, Mont.

Carried to extremes, any policy can have unhappy consequences—a point Mr. Randall himself was making in his article. In any case, the editors welcome criticism both pro and con, and readers are urged to consider our Letters column an open forum for their comments.

The Man in Purchasing

To the Editor: As a long-time subscriber and reader of DUN'S REVIEW—and national chairman of the committee on public relations of the National Association of Purchasing Agents—I want to express my enjoyment of "The Myth of the Slick Purchasing Agent," by Clarence B. Randall (October). You would be amazed at the scores of letters I have received from members of the purchasing profession all over the country, commenting on the significance this article has for the man in purchasing.

M. B. EUBANKS, JR.
Director of Purchasing and Transportation
Riegel Textile Corp.
Ware Shoals, S. C.

To the Editor: "The Myth of the Slick Purchasing Agent" is certainly a justifiable and interesting article. I am amazed, however, that either Mr. Randall or the editors of DUN'S REVIEW would allow the description of the potential salesman to appear.

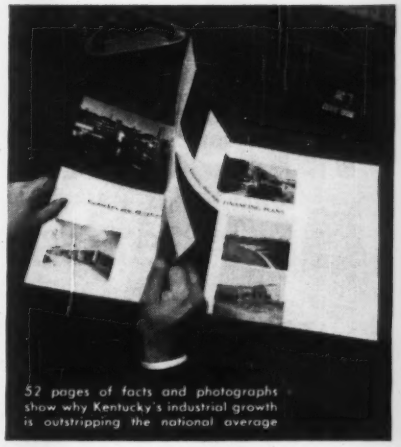
The day of the fast-talking, backslapping, ignoramus, couldn't-get-a-job-any-other-way salesman is as much a thing of the past as the slick purchasing agent. No marketing executive would even consider hiring "a senior or two of suave manners and supple tongue, making usually only average grades." I regret deeply that you seem to think that these attitudes or outward characteristics ever allowed recruiting officers to recognize potential salesmen and marketing executives.

GERALD MINTZ
Vice-President of Sales
Williams Steel & Supply Company
Milwaukee, Wis.

Wrapping It Up

To the Editor: Congratulations on "Management's Big Job in Packaging," which certainly does justice to the high standards of reporting long associated with DUN'S REVIEW.

H. S. WARMFLASH
Director of Public Relations
Package Research Laboratory
Rockaway, N. J.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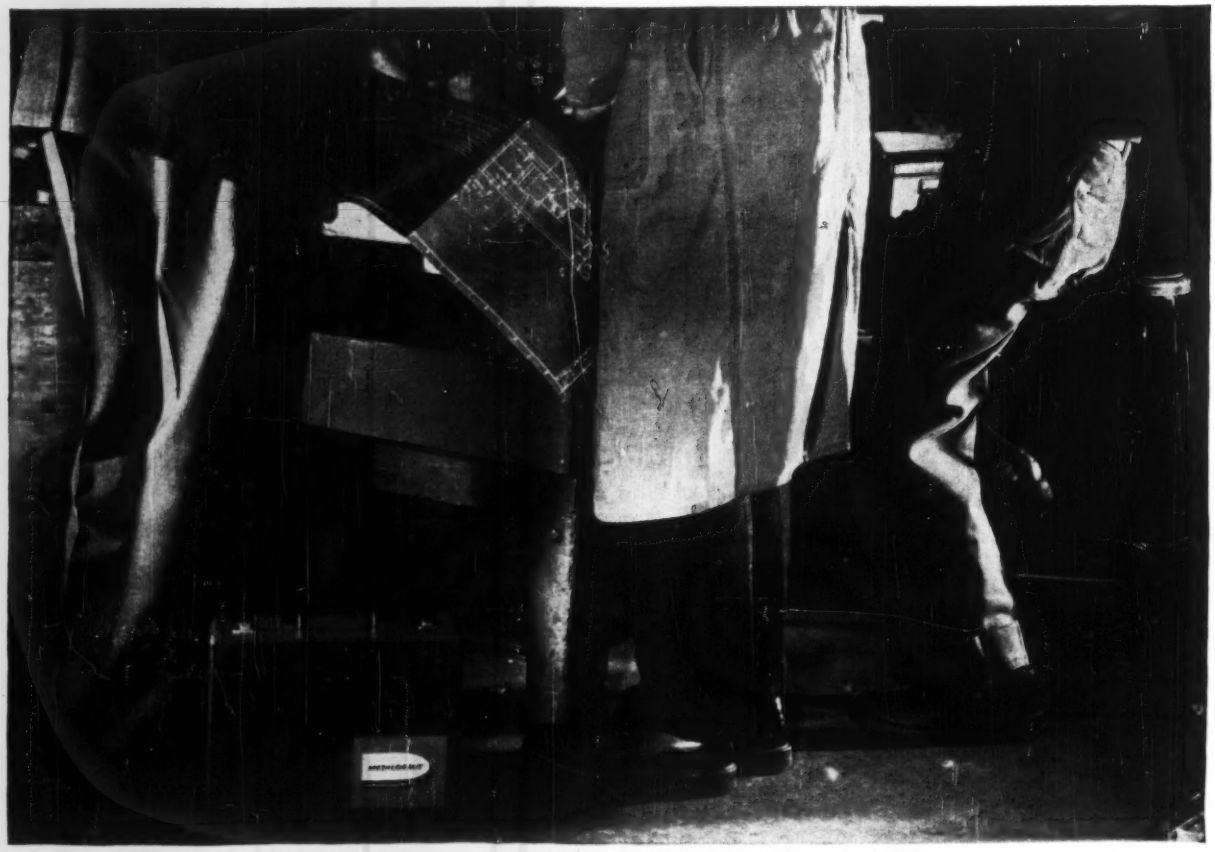

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The Trend of BUSINESS

INVENTORIES: *Business men stepping up reductions this quarter*
UNEMPLOYMENT: *Increases in prospect through late winter*
SALES: *Retail sales in months ahead close to last year's levels*
FAILURES: *Totals up over year ago for tenth straight month*

THE YEAR 1961 has opened in the midst of a downturn in over-all business activity that will continue at least through early spring, when some signs of recovery will begin to appear. The second half of the year will bring a steady but cautious upward movement towards the pre-recession peaks set early in 1961.

During the first six months, the economy will feel the effects of more inventory liquidation, declines in new plant and equipment outlays, and unenthusiastic consumer spending. This will be softened somewhat, however, by continued strength in construction outlays and gains in Government spending.

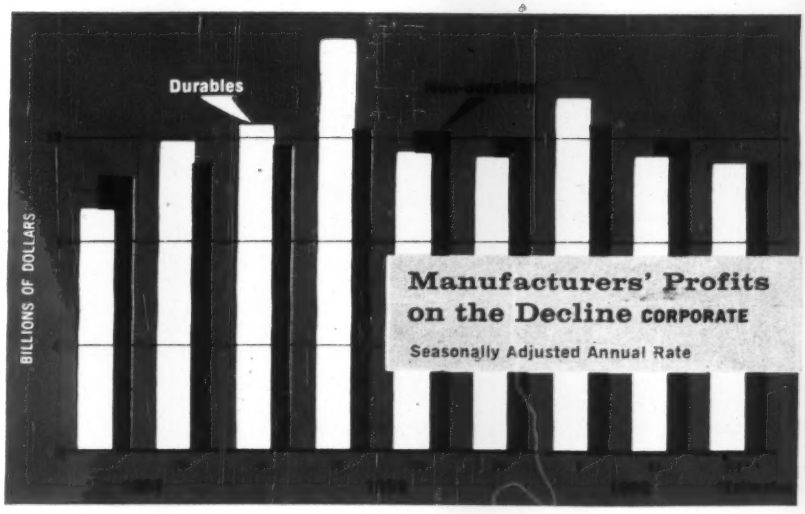
Total physical production is unlikely to hit a new peak any time this year.

Currently about 6 per cent below the record of 111 (1957=100) set in January 1960, the Federal Reserve Board's Index of Industrial Production will continue to dip in the months ahead, reaching a low point of 99 or 100 in March or April—10 per cent below last January's peak. In terms of the production index, the current recession will last longer than the 1957–58 downturn, though the extent of the decline will not be as great.

As in recent months, the continuing decrease in over-all production will stem mainly from reductions in the output of household durables, automobiles, steel, coal, and machinery. Soft goods will also show dips, though these will be more moderate.

Modest increases in new orders will nudge output up in the months ahead, but no significant rise in steel production is likely before April.

The first quarter of 1961 will probably find steel mills operating somewhere between 55 and 60 per cent of rated capacity, up somewhat from the slightly less than half-capacity rate that prevailed in the final weeks of 1960.



LAGGING SALES *have been primarily responsible for manufacturers' narrowing profit margins recently. More dips in both sales and profits are likely.*

Although good gains in steel output will appear in the second quarter of 1961, the second half of the year will show much more strength than the first six months, since most steel users will be buying more actively.

Sharp declines from a year earlier are in prospect for first-quarter auto production.

The auto industry entered the new year with stocks of unsold new cars at near-record levels. This means that unless there is a really sharp upsurge in dealers' sales, output in the first three months of 1961 will remain at the reduced December 1960 level or sink even lower. In addition, production, which during the first quarter of 1960 was especially high following the steel strike, will show declines from a year earlier ranging from 20 to 30 per cent.

But once the first quarter has passed, automotive production will probably show appreciable gains through to the end of the year, though for the year as a whole, a decline of somewhere around 10 per cent from 1960 is likely.

The rate of inventory liquidation will accelerate in the first quarter, then subside in the months immediately following.

The decline in business inventories that began late last summer will become even more severe during the current three-month period. Reductions will continue to be concentrated in durable goods, though as time goes on, they will be more acute in finished goods and at wholesale and retail than they were in past months. Up to this point, the inventory decreases have been most noticeable among manufacturers and among their holdings of raw materials and goods in process.

The pace of inventory reduction will slacken during the second and

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third quarters and actual accumulation is likely in the last three months of the year.

Manufacturers' reluctance to stop reducing their holdings during the current quarter will stem from the increased sluggishness in new orders, which will soon show only slight declines and level out by early spring. New orders also are likely to exceed sales before the end of the current three months, initiating a rise in unfilled orders.

Consumers will be a little more cautious, selective, and price-conscious in the months ahead.

• Some of the uncertainty in the business picture will rub off on consumers in the coming months, and over-all retail trade in the first half of the year 1961 will do well to match the exceptionally good year-earlier period. The early Easter this year will, unfortunately, make it difficult for apparel stores to match or exceed last year, especially if they are plagued with bad weather. The ups and downs of auto sales will, of course, have an important influence on over-all monthly retail totals.

The spring months may well bring a modest upturn in sales of major appliances, furniture, and other home furnishings, though shoppers are likely to wait for more optimistic business news later in the year before showing any appreciable interest in buying them. The total dollar volume of over-all retail trade for 1961 as a whole will probably hit a new record—but the increase over 1960 will be slight.

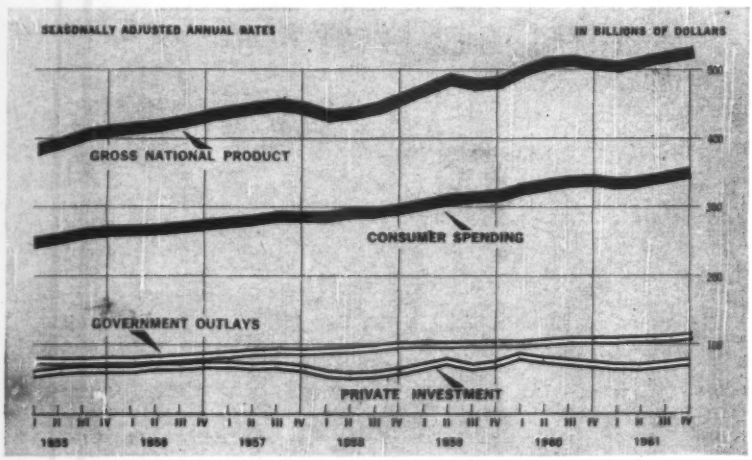
Some monthly declines are ahead for consumer credit outstanding.

With shoppers a little worried about the business outlook, consumer credit outstanding will show succes-

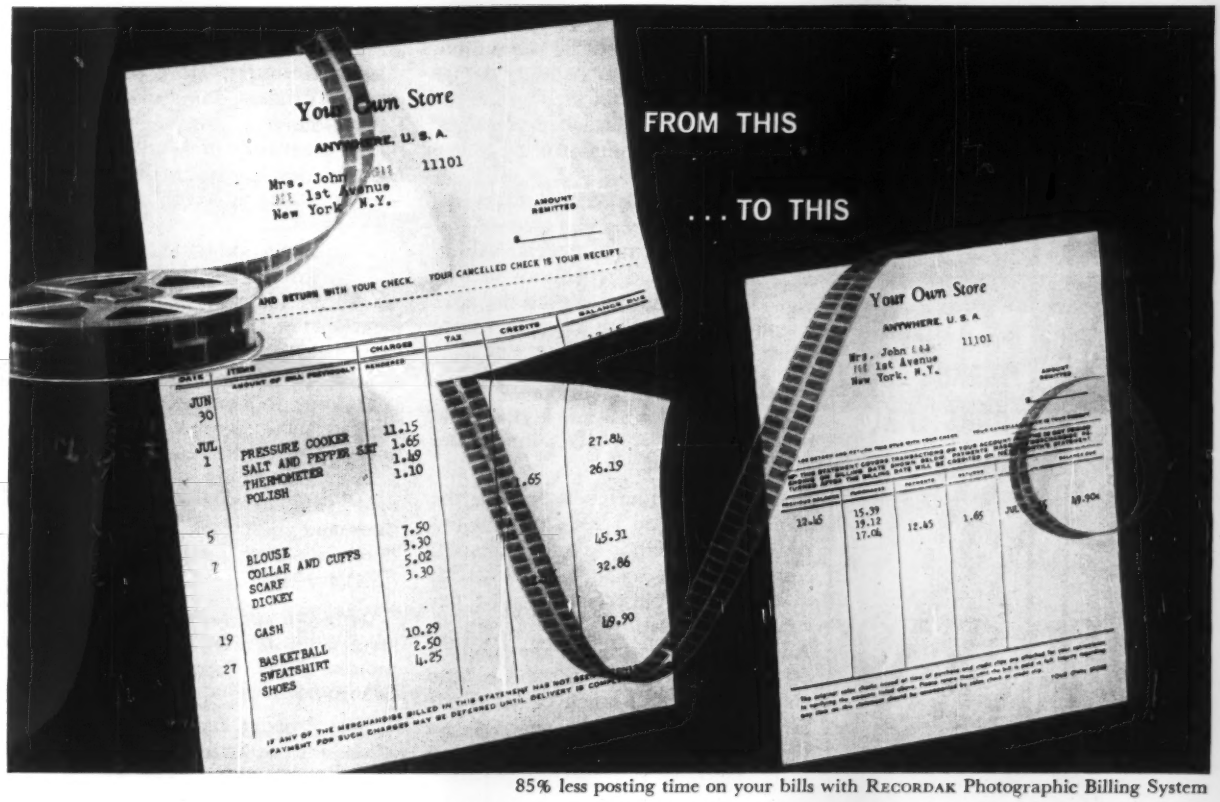
Looking Four Quarters Ahead

Quarters		Consumer spending	Government outlays	Private investment*	Gross national product
1960	I	323.3	97.5	80.5	501.3
	II	329.0	98.6	77.4	505.0
	III	328.3	100.7	74.0	503.0
	IV	332.1	101.8	68.1	502.0
1961	I	331.5	103.1	66.4	501.0
	II	335.1	104.7	67.2	507.0
	III	339.5	106.4	69.1	515.0
	IV	343.5	108.0	72.5	524.0

*Includes domestic private investment plus net exports



Figures through the third quarter of 1960 are seasonally adjusted annual rates in billions of dollars, as reported by the National Income Division, Department of Commerce. Figures for the fourth quarter of 1960 and later are estimates prepared by Robert J. Landry of the Business Economics Department of Dun & Bradstreet, Inc.



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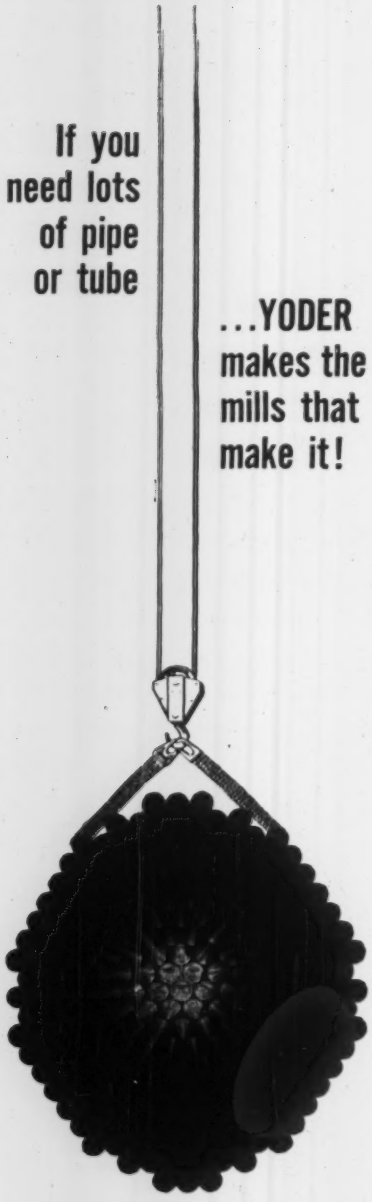

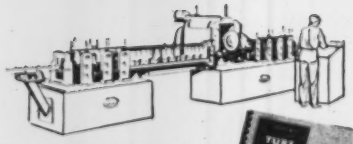

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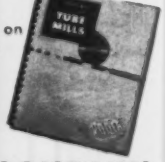

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sive monthly declines, at least until spring. Consumers will be more anxious to repay their outstanding debts, less willing to contract for more debt. Once again, a lot will depend on auto sales, as well as volume in big-ticket household appliances.

Retail trade will feel the effects of moderate dips in personal income and higher unemployment levels. Along with the continued reductions in factory and mine output during the next few months will come more decreases in wages and salaries.

As a percentage of the labor force, unemployment will be higher this winter than at any time during the 1957-58 recession.

Increased output per manhour, the concentration on cost-cutting, and wider use of labor-saving industrial equipment will boost unemployment to somewhere between 7.5 and 8 per cent of the labor force late this winter. As production expands, the number of jobless will drop, but there is little chance it will fall much below 6 per cent for the rest of the year. At no time during the 1958–60 recovery and expansion did it dip to 4 per cent, considered by many the level of "full" employment, and it is highly unlikely to do so at any time in 1961.

The outlook for corporate profits this year is dim.

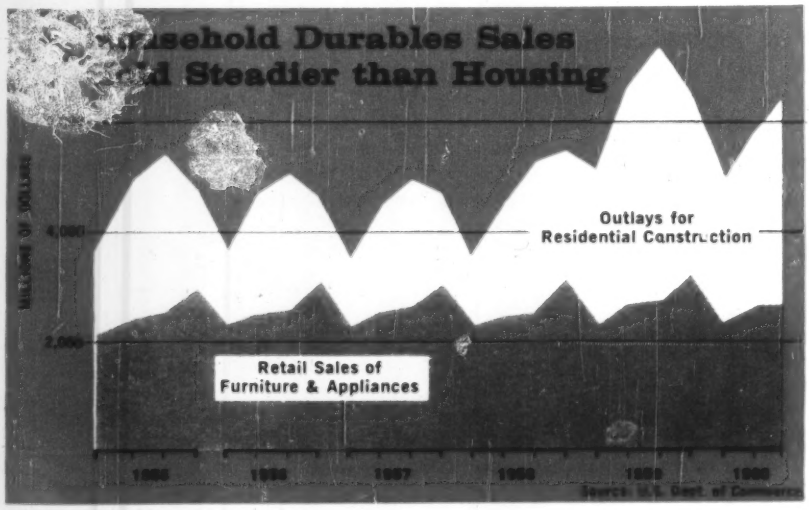
Reflecting declines in manufacturing sales and unenthusiastic consumer buying in the months just past, it now appears that corporate profits for 1960 as a whole were down about 5 per cent from 1959. More declines are likely through mid-year, but once sales and output start picking up, profits will show some improvement. Late-in-the-year gains, however, will not be great enough to offset the first-half declines. Profits for the year 1961 may be down close to 10 per cent from 1960.

With many industries operating at below-capacity levels, more declines are ahead for new plant and equipment spending. The slight downward movement that began in the third quarter of 1960 will continue and gain some momentum through mid-1961, though signs of a pick-up will appear later in the year, once business activity and profits show an improvement. The extent of the decline in plant and equipment spending should not be so great as in the last downturn of 1957–58.

Although outlays for industrial construction will start leveling off in the months ahead, they will remain over year-earlier levels.

The drop in expenditures for new plant and equipment will eventually take its toll on outlays for industrial construction. Totals will be propped in the immediate future by the projects begun in 1960 and carried over for completion. And when monthly declines do appear they will be modest. In fact, outlays for industrial construction for 1961 as a whole may be somewhat up from 1960.

Year-to-year gains in the construction of office buildings, warehouses, utilities, and private hospitals will be



INCREASES AND DECREASES *in consumer buying of household goods have failed to match those in outlays for residential construction in recent years.*

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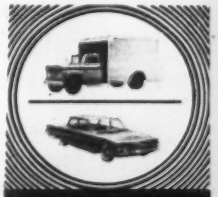

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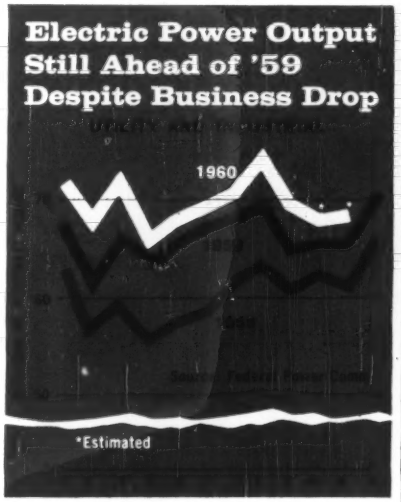
maintained, but it is the increase in public construction that will be most noticeable.

The number of new housing starts will start showing some strength in late winter or early spring. Gains will be moderate, despite the possibility of easier mortgage money, and outlays for private residential construction are unlikely to show any marked gains throughout most of 1961. It looks like a record year for over-all construction outlays during 1961 as a whole, yet the increase over 1960 will be moderate, and the gain over the prior record of 1959 slight.



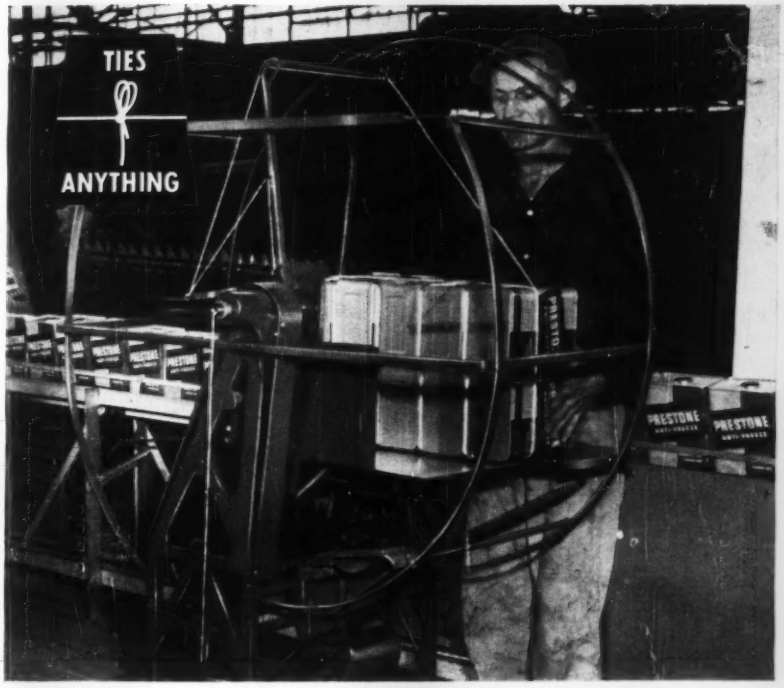
GAINS *have narrowed, but electric power output has stayed higher than a year earlier, despite the business downturn.*

Although relatively high construction costs will discourage some prospective builders, these costs are likely to stabilize in the coming months, as will prices in many other lines at all levels. As a matter of fact, prices in lines where sales are lagging most will probably be cut. Those in other commodities, and even services, will either remain unchanged or edge up fractionally throughout most of the year.

Thus, any increase in the over-all Consumer Price Index will be minor—even less noticeable this year, in fact, than it was in 1960. Much, of course, depends on fluctuations in food prices.

END

This report was prepared in the Business Economics Department, DUN & BRADSTREET, INC., by John W. Riday.



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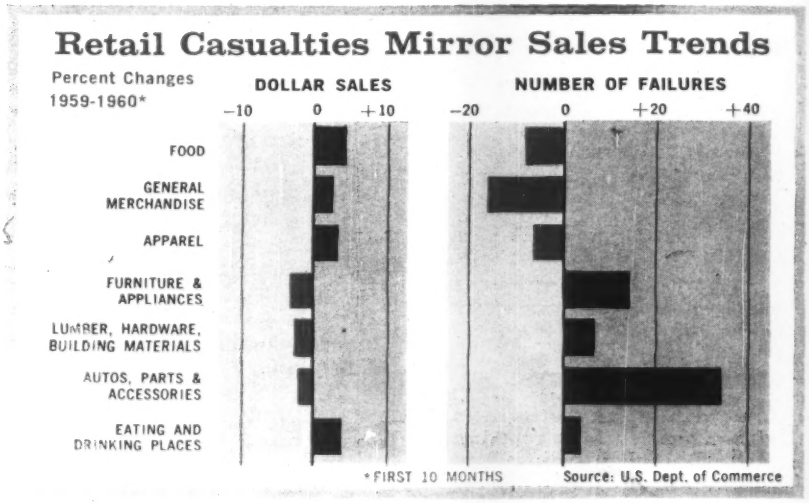
Business Failures

Large casualties continue climb

Wholesale and service tolls dip



BUSINESS failures, although dipping 4 per cent to 1,311 in November, ran above year-ago levels for the tenth straight month. Casualties were 16 per cent heavier than in November 1959—the current toll moved the highest for any November in 28 years.

Concerns were failing at an annual rate of 62 per 10,000 businesses listed in the DUN & BRADSTREET *Reference Book*. Even though this rate exceeded considerably the 55 a year ago, it was less severe than the prewar rate in 1939, and less than half the depression rate in 1932.

Dollar liabilities continued to rise, particularly among large-sized casualties. Losses reached $84.5 million in November, 59 per cent larger than in November last year. A year-to-year increase prevailed among casualties of all sizes above $5,000, but accelerated from 5 per cent in the $5,000 to $25,000 liability class to 68 per cent in the $100,000-plus group.

Manufacturing, retailing, and construction tolls remained close to October levels. Declines, however, occurred in wholesaling, principally in electrical goods and housefurnishings lines, and in commercial services, primarily among repair concerns. In manufacturing, the tolls in the textiles and apparel industry doubled. In retailing, general merchandise and apparel casualties took an upturn, contrasting with declines in the furniture and automotive trades. Some construction subcontractors had fewer casualties than in the preceding

continued on page 16

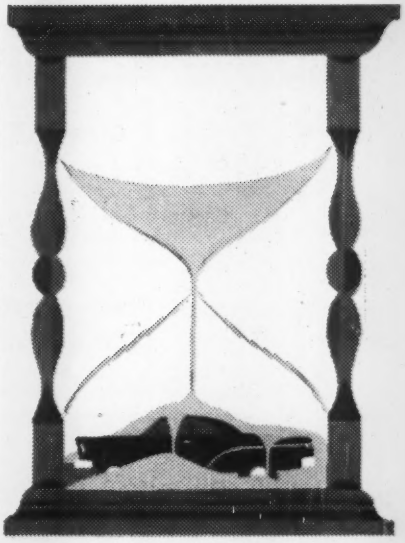
THE FAILURE RECORD

	Nov. 1960	Oct. 1960	Nov. 1959	% Chg.†
DUN'S FAILURE INDEX*				
Unadjusted	63.9	60.1	57.1	+12
Adjusted, seasonally	62.0	63.3	55.4	+12
NUMBER OF FAILURES	1311	1344	1130	+16
NUMBER BY SIZE OF DEBT				
Under $5,000	128	135	147	−13
$5,000—$25,000	527	618	504	+ 5
$25,000—$100,000	471	439	369	+28
Over $100,000	185	152	110	+68
NUMBER BY INDUSTRY GROUPS				
Manufacturing	231	229	195	+18
Wholesale trade	124	139	124	0
Retail trade	617	613	520	+19
Construction	228	231	186	+23
Commercial service	111	132	105	+ 6
LIABILITIES (*in thousands*)				
CURRENT	$84463	$81508	$53214	+59
TOTAL	84694	82258	53294	+59

*Apparent annual failures per 10,000 enterprises listed in the DUN & BRADSTREET *Reference Book*.

†Per cent change, November 1960 from November 1959.

In this record, a "failure" occurs when a concern is involved in a court proceeding or in a voluntary action likely to end in a loss to creditors. "Current liabilities" here include obligations held by banks, officers, affiliated and supply companies, or the governments; they do not include long-term publicly held obligations.



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An up-to-the-minute analysis of investment trends, written especially for business leaders and corporate finance officers by Wall Street specialist Gerald M. Loeb.

√ Capital Views & Previews

Sen. Clifford Case, the New Jersey Republican who won a surprise landslide victory last November, is the subject of Washington correspondent Paul A. Wooton's latest interview with the top figures in the nation's capital.

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continued from page 15

month, but road contractors and general builders suffered higher tolls.

Construction continued to show the sharpest year-to-year rise, followed closely by retailing and manufacturing, where mortality ran almost one-fifth above 1959. All retail trades save drugs suffered heavier casualties than a year ago. Steep climbs were noted in restaurants, general merchandise stores, and service stations.

Regional trends between October and November were mixed. Declines were noted in five areas, including the Pacific States, where California casualties fell to the lowest level since January and Oregon dropped a third. On the other hand, four regions reported increases, with the West South Central and West North Central tolls reaching the highest points since 1958. In seven of the nine regions, business mortality exceeded last year's, with tolls up 7 to 40 per cent.

FAILURES BY DIVISIONS OF INDUSTRY

	Cumulative total (Eleven Months)		Liabilities in million $	
	1960	1959	1960	1959
MINING, MANUFACTURING..	2381	2234	270.8	183.9
Mining—coal, oil, misc..	87	78	18.3	7.2
Food and kindred products	160	165	29.7	13.7
Textile products, apparel.	390	372	33.1	21.2
Lumber, lumber products.	481	454	35.3	22.7
Paper, printing, publishing	177	150	10.9	8.4
Chemicals, allied products	60	57	5.4	4.2
Leather, leather products.	77	67	11.7	6.5
Stone, clay, glass products.	38	48	3.7	4.1
Iron, steel, products.....	149	125	25.3	13.7
Machinery.....	256	225	42.2	37.5
Transportation equipment	121	98	14.9	7.8
Miscellaneous.....	385	395	40.2	36.9
WHOLESALE TRADE.....	1343	1268	98.9	73.4
Food and farm products..	298	265	27.5	21.5
Apparel.....	42	39	3.4	1.6
Drygoods.....	31	34	1.1	1.2
Lumber, bldg.mats., hdwre	167	138	13.3	8.8
Chemicals and drugs....	40	58	1.5	1.6
Motor vehicles, equipment	109	69	6.6	3.2
Miscellaneous.....	656	665	45.6	35.5
RETAIL TRADE.....	6749	6395	220.9	213.4
Food and liquor.....	965	1037	25.8	28.0
General merchandise....	236	266	12.4	15.8
Apparel and accessories..	899	948	23.8	37.8
Furniture, furnishings...	881	770	35.5	33.1
Lumber, bldg.mats., hdwre	450	420	18.9	14.3
Automotive group.....	1201	923	45.0	24.2
Eating, drinking places...	1304	1233	37.9	33.4
Drug stores.....	148	111	5.0	2.9
Miscellaneous.....	665	687	16.6	24.2
CONSTRUCTION.....	2362	1901	173.3	111.4
General bldg. contractors.	924	686	98.6	62.7
Building subcontractors..	1291	1069	60.7	38.4
Other contractors.....	147	146	14.0	10.3
COMMERCIAL SERVICE.....	1257	1175	95.8	51.1
TOTAL UNITED STATES.....	14092	12973	859.7	633.3

Liabilities are rounded to the nearest million; they do not necessarily add up to totals.

This report was prepared in the Business Economics Department by Rowena Wyant.

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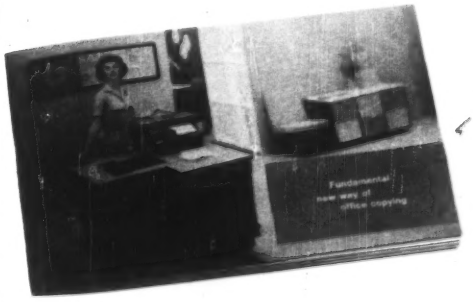

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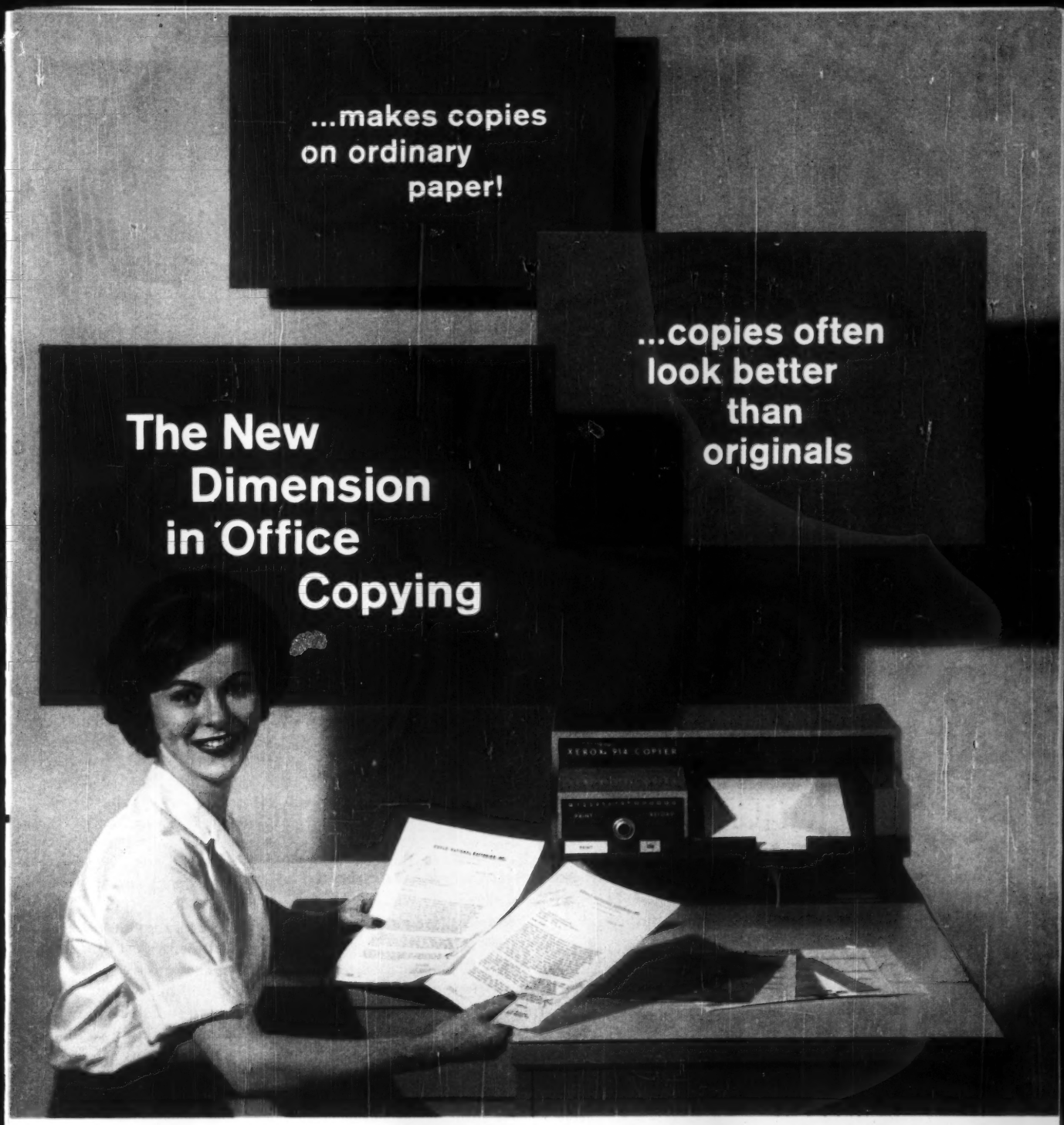

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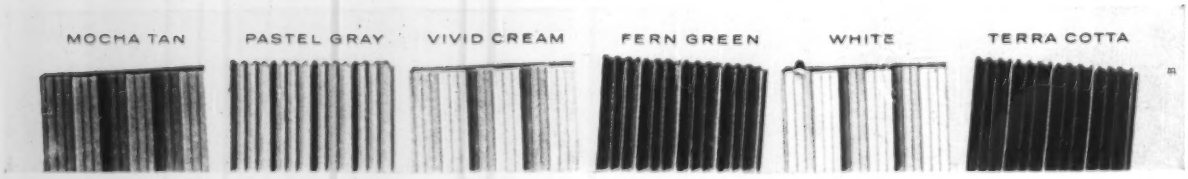


WASHINGTON Business Front

JOSEPH R. SLEVIN

WASHINGTON, D.C.—The Federal Government is a big-time lender. It runs 21 major credit programs, which get larger rather than smaller as the years go on. Some of these call for lending actual cash to borrowers, others provide for guaranteeing loans made by private institutions. The Government supplies credit to home buyers and to foreign countries, to farmers and to railroads, to small business men and to steamship companies, to colleges and to airlines, to exporters and to city governments. Most of its loans are in United States dollars, but it lends rupees, lira, piastres, drachmae, rials, bahts, yuans, kyats and a large number of other currencies as well.

The monies with the exotic names are funds that the United States has received in payment for surplus farm products. At very low interest rates, it lends a substantial part of the receipts to the countries that bought the farm commodities in the first place, so that they can press ahead with their economic development programs.

Soft and easy

This is probably the most generous overseas lending program that the United States has, but it isn't the only credit program that makes money available to the less developed countries on easy terms. The State Department's big Development Loan Fund lends dollars, but these frequently are soft loans—meaning that a borrowing country, instead of being required to pay back dollars, is allowed to pay off all or part of the credit in its own currency. The soft currency, more often than not, will be re-loaned to the borrowing country as it comes in, and a new note will replace the old one.

There is deep and widespread opposition in Congress to out-and-out grant programs. Soft loan programs such as the DLF are the answer that has been devised.

The U.S. Government soon will have close to $98 billion of loans and loan guarantees outstanding. The total climbed almost $6 billion during the last fiscal year. It is due to rise more than $6 billion by June 30. The grand total will shoot past the $100 billion mark by late next fall.

- *Here are the facts on Uncle Sam's gigantic loan operations, soon due to pass the $100 billion mark.*
- *Manufacturing wage data give cheer to Government economists, who see inflation losing its steam.*

This rise in the volume of outstanding credits gives only a small inkling of the magnitude of the Government's credit operations. Billions of dollars of existing loans and guarantees are repaid and cancelled each year. Even though the Government will make just under $6 billion of new loans, and not quite $17 billion of new commitments, during the current twelve months, its outstanding credits and guarantees will rise only a little more than $6 billion because the $23 billion of total commitments will be partly offset by $17 billion of repayments and cancellations.

The Federal credit programs which first began back in 1917, have been growing by leaps and bounds since the end of World War II. The Government has guaranteed about $3 in private loans for every $1 it has lent. Of the approximately $98 billion of loans and guarantees outstanding, actual loans account for not quite $25 billion, and guarantees come to just over $73 billion.

The startling fact is that 90 per cent of this $73 billion consists of mortgages that either have been guaranteed by the Veterans Administration or have been insured by the Federal Housing Administration. And most of the remaining 10 per cent consists of long-term obligations of the Public Housing Administration.

The Government has other important loan guarantee programs, but compared to the massive private and public housing subsidy operations they are small potatoes. The FHA has about $37 billion of insurance outstanding, the VA has an additional $30 billion of guarantees, and the PHA has $3.8 billion. The next biggest program is a $650 million urban renewal operation. The Maritime Administration has insured $500 million of ship mortgages. An assortment of companies have $300 million of Government-guaranteed loans to expand defense production, and thousands of small businesses are sharing in some $100 million of credits protected by the Small Business Administration.

Some big, some small

The Interstate Commerce Commission's relatively new railroad loan guarantee program is picking up speed this year, but the Civil Aeronautics Board program for helping small airlines buy planes remains a relatively modest operation.

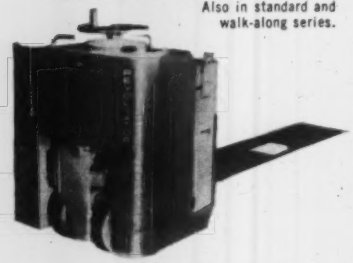
GO-GETTER *Finger Tip Control for Speed, Ease, Safety*

Go-Getter powered lift trucks are available in six basic models in each of four series (stand-on or walkie, explosion proof or standard) with a range of sizes and capacities in each.

The Go-Getter is fully powered for both traction and lift. Safety factors include fingertip lift control and warning horn. Dynamic brake for downgrade control and deadman mechanical brake for positive stops are controlled by a single directional switch. Stand-on models give the operator a clear view in any direction of travel. Position of operation is fully inside the truck, offering protection from obstructions.

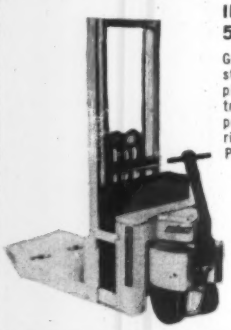
INDEX No. 54.11

Go-Getter low-lift platform model (ride-on explosion proof) for transporting skids. Also in standard and walk-along series.



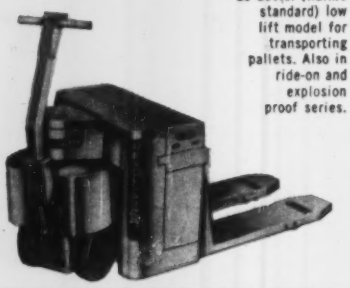
INDEX No. 52.12

Go-Getter (Walk-along standard) high lift platform model for transporting and high piling skids. Also in ride-on Explosion Proof series.



INDEX No. 52.21

Go-Getter (walkie standard) low lift model for transporting pallets. Also in ride-on and explosion proof series.

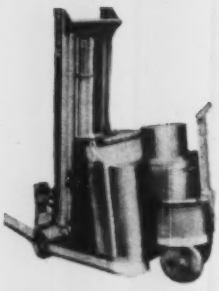


INDEX No. 53.22

Go-Getter (stand-on standard shown with overhead guard) high fork lift straddle model for narrow aisle tiering of pallets or skids. Also in walk-along and explosion proof series.

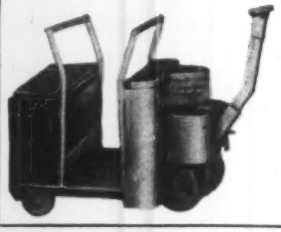
INDEX No. 55.23

Go-Getter (walk-along explosion proof) counterbalanced high lift fork model for tiering skids or pallets. Also ride-on and standard models.



INDEX No. 52.30

Go-Getter (Combination walk-along rider) towing tractor. Also in walk-along only and standard and explosion proof ride-on series.



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The volume of direct Government loans outstanding will increase about $1.5 billion this year—the amount by which repayments of $4.9 billion are expected to fall short of disbursements of $6.5 billion. The biggest expenditure, totaling about $2 billion, will flow from the Commodity Credit Corp. to farmers who pledge their crops. If market prices later rise above support levels, farmers will take their crops back, sell them privately, and use the money to pay off the CCC. But, if market prices are below the support levels, the farmers will forfeit their collateral. What the CCC really is doing is aiding the farmer by buying his crop, but it uses a bookkeeping device that throws the price support operations into the loan classification.

Mortgage money

Next to the CCC, the heaviest direct loan commitments will be made by the Federal National Mortgage Association—$1 billion to stimulate private homebuilding activity by buying mortgages that are protected by the FHA or the VA. The Rural Electrification Administration will lend more than $300 million to cooperatives to help finance the extension of electrical and telephone service, and the Farmers Home Administration will provide about $250 million for residential and business improvements. The Community Facilities Administration will supply close to $200 million in loans to local governments for sewerage and water systems and to colleges for housing. Other direct loans will come from the Office of Education for college student loan funds and specialized teaching equipment.

As in past years, a healthy share of the Government's direct loans will go this year to foreign borrowers. Three Federal agencies will supply about $1.6 billion in overseas credits. The Export-Import Bank will pay out about $800 million—some $100 million more than it collects in repayments. The International Cooperation Administration, which receives almost no repayments, will disburse more than $500 million, while the DLF will contribute several hundred millions more.

Close to half the nearly $25 billion of outstanding direct loans have been made to foreign borrowers. Since

President-elect Kennedy, like the majority of Congress, has urged that there be more loans and fewer grants, the evidence suggests that Federal overseas and domestic lending programs will continue to increase.

Wage Push Slackens

The Government has a set of little-noticed figures which confirm other evidence that the wage-cost inflationary spiral is running out of steam. These figures—on average hourly earnings in manufacturing industries—disclose that wages, which went up 5 per cent in 1956 and jumped another 5.3 per cent in 1957, rose only 4.2 per cent in 1958, and the pace of the advance slipped to 3.3 per cent in 1959. The most recent figures indicate that the gain for the past twelve months has been only 3.2 per cent.

Behind these statistics is the fact that outsized wage boosts no longer can successfully be passed along to consumers in the form of higher prices. One company after another has made it clear that it would rather take a long strike than yield to wage demands that might force it to price its products out of the market.

"Swindle Sheet" Showdown

The last Congress came close to cracking down on business income tax deductions for entertainment expenses, and a new legislative drive may be launched this year. The Joint Internal Revenue Committee is making a special study of the problem, and the Secretary of the Treasury is under orders to report the results of the special enforcement program that the Internal Revenue Service launched last spring. The widespread practice of claiming vacation costs as a business expense is a prime target.

Less Steam in Housing

The homebuilding industry has enenjoyed an almost unbroken sellers' market ever since the end of World War II, but Government economists suspect that the party may be over. They have a hunch that the postwar backlog of unfilled demands has been satisfied, that houses currently are overpriced, and that easier credit isn't going to bring in eager new buyers.

END

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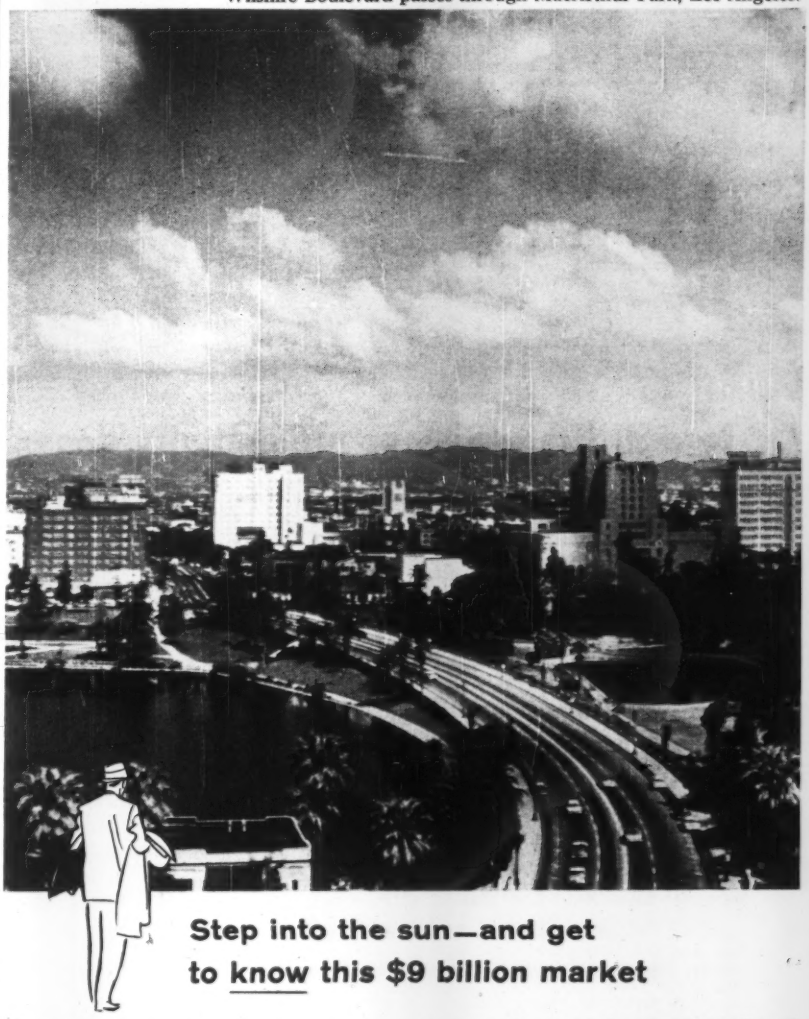

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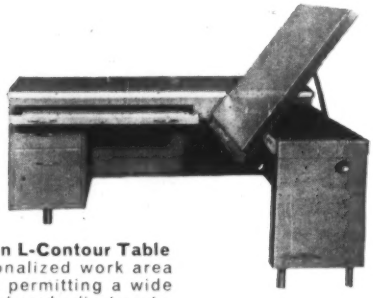

Hamilton L-Contour Table
A personalized work area concept permitting a wide range of board adjustments, from horizontal to vertical, yet provides considerable storage area and occupies small space. Single support torque tube tilt mechanism provides stable, perfect balance of the durable seasoned working surface.

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This new 36 page booklet describes a wide variety of engineering and production problems that have been solved with advance techniques in drafting and printmaking pioneered by Dietzgen. The concise, problem-solution approach suggests ways in which you may improve the efficiency within your engineering department or eliminate production bottlenecks. Write today on your company letterhead for the Mechanics of Modern Miracles. Ask for Publication HP96.
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New technology, new profits
Facing the monetary facts
Advertising's crisis of confidence

RALPH J. CORDINER, *Chairman of the Board, General Electric Company.*

Clue to the Future

Other industrial countries are rapidly applying the techniques of large-scale organization, production, and distribution; with their lower labor rates and significant tax advantages, they will be able to offer increasingly challenging competition in one line after another.

This country advanced most rapidly when it pioneered in the large-scale production and distribution of totally new products and services. Here is the clue to the future. Our best defense is a vigorous technological offensive. We must develop new businesses, new products, and new processes that cannot be easily matched. Primarily these are the businesses that require a high capital investment, a highly educated labor force, and a highly advanced technology.

This particular strategy, emphasizing new technologies, may not appeal to everyone. In a slow business year, the high development costs may rather seriously affect the company's current profit performance, and the leader in a new technology is always in a risky position, vulnerable both to failure and to imitation. Yet, this appears to be the main road to continued growth and profit in a rapidly industrializing world.

From an address before the National Foreign Trade Council.

HENRY C. ALEXANDER, *Chairman of the Board, Morgan Guaranty Trust Company of New York.*

A Snugger Fit

Our well-advertised balance-of-payments difficulties do not permit us to experiment with even "a little inflation now and then." This firmer discipline pressing on us at home—reinforced by the monetary discipline

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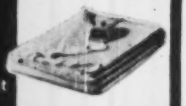

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being practiced abroad—is one reason we will be wearing a snugger suit of monetary clothing in the years ahead.

Snugger clothing does not mean a straitjacket, however. The central banking system still has flexibility to tailor both the cost and the availability of credit to the needs of the economy. But a new limit on freedom of action now exists, and, knowing that it is there, we should take warning. First, we must do a better job of avoiding recessions—including the excesses that bring them on. Second, we must show an unfaltering commitment to fiscal and monetary soundness in order to keep confidence high. Third, we must improve our position by making substantial progress against our payments deficit.

From a speech before the Investment Dealers Association of Canada.

WARNER SHELLY, *President, N. W. Ayer & Son, Inc.*

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Today the advertising industry is confronting a crisis of confidence. Its very right to exist is being questioned with increasing seriousness.

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From a speech delivered at the Audit Bureau of Circulations Convention.

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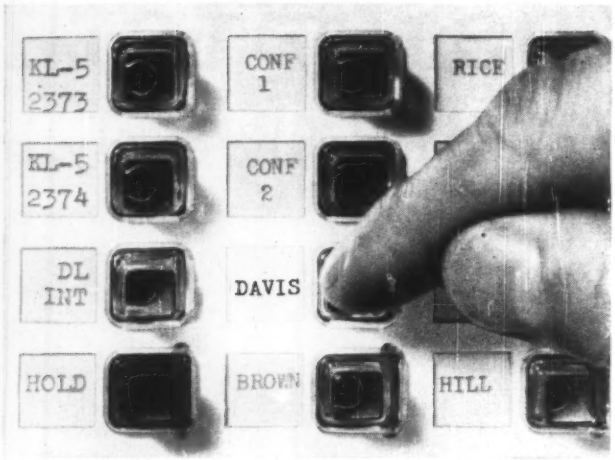

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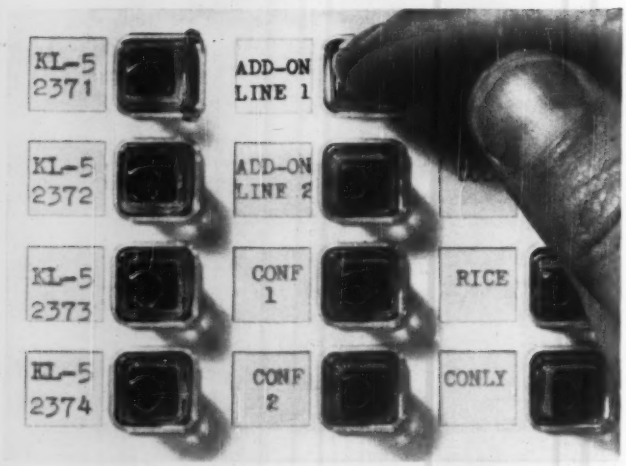
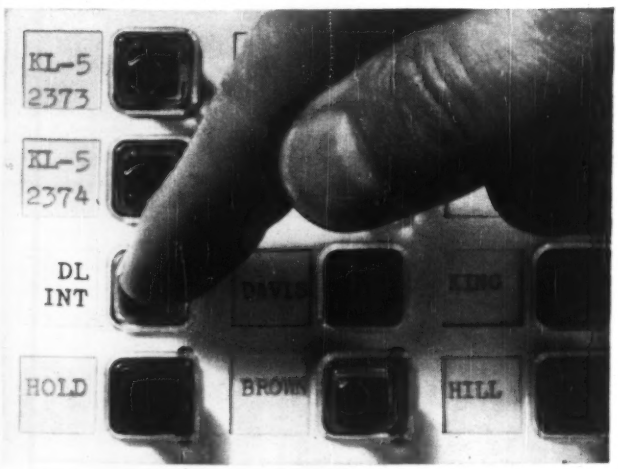
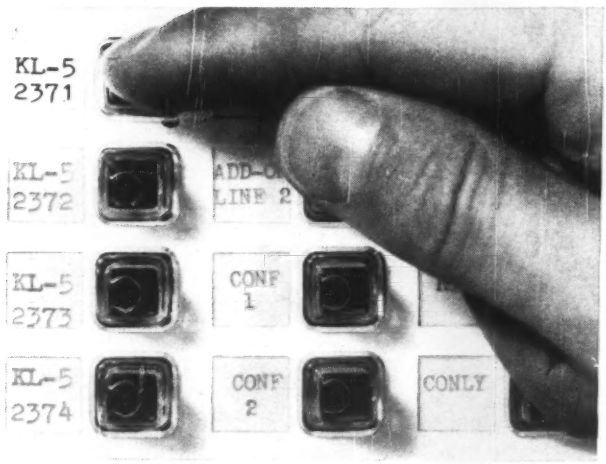


. . . gives you maximum intercom flexibility





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...holds a call while you make others

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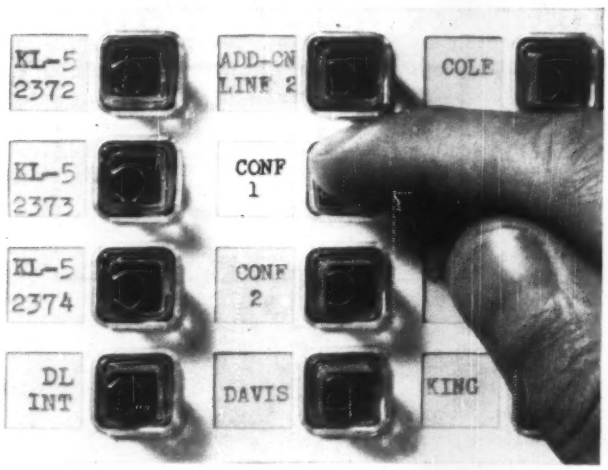
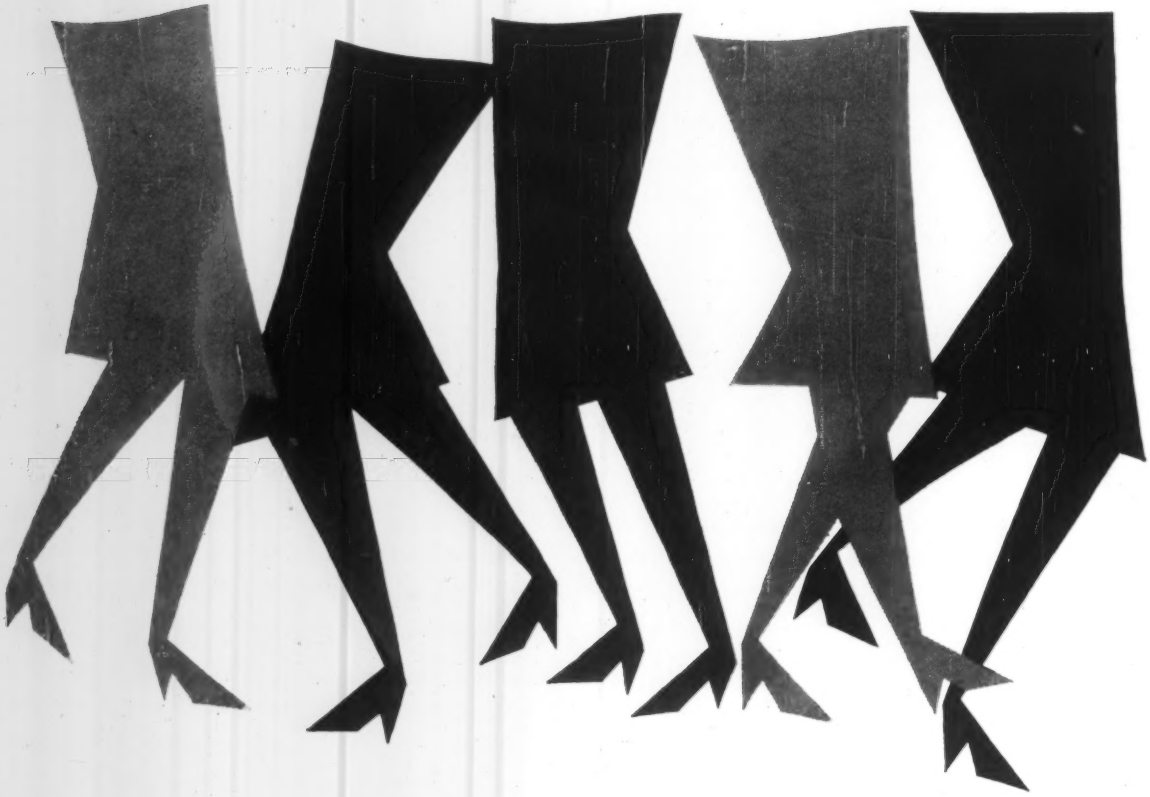
BELL TELEPHONE SYSTEM

...sets up six-way telephone conferences.



Ask our Communications Consultant about it!



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DUN'S REVIEW
AND MODERN INDUSTRY
January 1961

EDITORIAL

The Image Makers

AMERICANS are inclined to be a nation of motto-makers, word-faddists, symbol-seekers. Currently, the word "image" is in style, and business men rush to the mirror to see what kind of an impression they are making on the public. Sometimes they are more concerned with the image than the fact.

The Greek dramatists invented masks to portray moods—fixed images of grief, joy, envy, anger, or any other emotion they wished to convey to an audience through the false faces of the actors. It was a synthetic device to convey an emotional setting for a comic or tragic situation. But in our day, a corporate mask conceals nothing when a company faces its employees, stockholders, or the public. Our motives, sincere or otherwise, are somehow transparent, and no illusion of word or symbol can disguise them.

"By their works shall ye know them" suggests the best way to create a good impression. The image conjured up by an association of ideas seems to be more durable than the conscious effort to design a character that exists only in part, or not at all.

Public relations advisors will counsel management on the good image that can be created in community relations by a progressive, cooperative attitude on such issues as local housing, smoke abatement, water supply, or the bad image created by ugly buildings, labor disputes, or tax protests. But what about the blank image created by the less-than-candid desire of the management that seeks anonymity in a community or an industry? Worse than a bad image is the vague, faceless image of the enterprise of "neuter gender," whose motives and policies are concealed in silence.

Children make faces in the mirror and sometimes frighten themselves in the process. When a business gets self-conscious about the face it is making before citizens, customers, employees, and stockholders, it might be wise to stop playing make-believe and try being natural, with all its warts and beauty spots equally visible. The personality of a business is reflected in the lives of the people it influences, as well as in the attitude of its management and the nature and quality of its product.

When a company "loses face" because of poor labor policies, shoddy products and services, or dishonored traditions, no borrowed or assumed mask is going to cover up its guilt or folly. The face that a company creates is reflected in the eyes of the consumer who appraises the product or service, and he doesn't worship any false image whether it is brazen, steel, aluminum, or plastic. He looks at the translucent facade of management and sees the conscience at work, for no mask can conceal its meaning or intention. The true likeness comes from the light within. No individual or group of individuals can disguise it, distort it, or improve it.

Strenuous efforts at image-making stem from the attempt to refute the traditional charges against the capitalistic system and its corporate offspring. It is often an attempt to make amends for the major sins of an earlier generation, or for lesser sins of the present group enterprise. But if we keep the corporate face clean, there will be no need for cosmetics. Enlightened management prefers to scrub with plain soap and water.

A PRESIDENTS' PANEL REPORT

Formal cost-cutting programs are mushrooming as profits sag. But though most companies gun for major, long-term savings, they're moving cautiously and steering clear of "dramatic" reductions that can damage future growth.

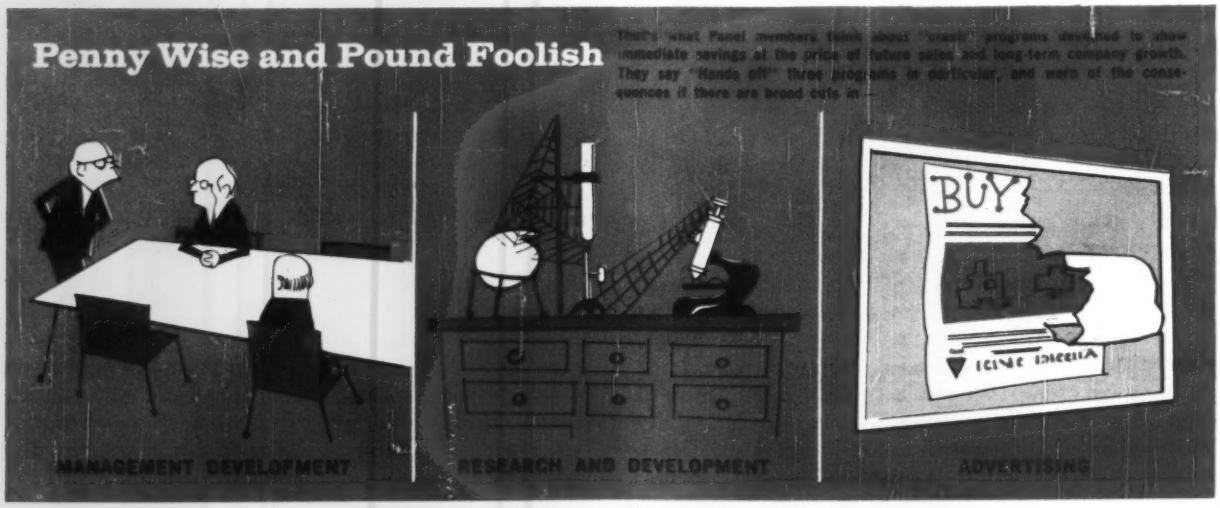
Top Management Faces the Cost Challenge

PRODDED by sagging profits last year—and uncertainty about profits in 1961—corporations across the land are getting rid of unproductive overhead and trimming off deadweight. Most programs, launched with genuine determination, are intended to effect major economies. But they are characterized by a surprising degree of caution and restraint. With an eye to the long-range effects of any cost cuts, they bear the mark of careful planning and review, and the recklessness that marred the cost-cutting efforts of some companies during 1957–58 is absent. Formal cost cutting seems to be the order of the day, but industry is clearly not panicking.

That is the picture that emerges from the latest survey of the DUN'S REVIEW Presidents' Panel, composed of nearly 200 leading corporation presidents. (Panel members head manufacturing companies across the U.S., with an average 10,000 employees each and average annual sales of $188 million.)

Formal cost reduction appears destined to assume a more important role in corporate activities during the next twelve months than in the past. Two-thirds of the Panel companies have already launched or are planning to launch formal programs, as distinct from continuing review and controls. This is 4 per cent more, among the same group, than adopted such programs during the 1957–58 recession, and the number may well grow.

But although cost cutting will undoubtedly cast a long shadow over the corporate scene in the immediate future, those who for years have deplored arbitrary, irrational blood-letting can take heart. Broad philosophies regarding cost reduction are slowly taking shape. Of the presidents polled, almost 40 per cent say they are guided by certain definite basic principles. Here are four of the most important:


Penny Wise and Pound Foolish
That's what Panel members think about "crash" programs designed to show immediate savings at the price of future sales and long-term company growth. They say "Hands off" three programs in particular, and warn of the consequences if there are broad cuts in
BUY
MANAGEMENT DEVELOPMENT
RESEARCH AND DEVELOPMENT
ADVERTISING

Deferred Temporarily

A number of Panel companies have achieved economies by postponing or cutting back on major projects and programs. Here are some typical economy measures reported by the presidents:

- √ We postponed a $6 million expansion program.—*Industrial raw materials producer*
- √ Our company has eliminated an elaborate public relations program. PR will now be handled internally. We also terminated our political action program.—*Mining company*
- √ We have decided to postpone expansion of our office facilities. —*Machinery parts manufacturer*
- √ Our program of opening new stores has been cut back.—*Paint manufacturer*
- √ At least one major building program, previously approved, has now been deferred.—*Industrial chemicals producer*
- √ We've postponed certain programs relating to a number of administrative functions.—*Fabricated metal products manufacturer*

• The lasting significance of any reduction in costs must be given priority over immediate dramatic, short-term effects. President Henry C. Estabrook of Sealright-Oswego Falls Corp., Fulton, N.Y., sums up this point of view: "It is imperative to keep in mind what the long-range effect (over a five-year period, for instance) will be on the company. The tendency is to think of the immediate situation, with not enough thought of the future."

• Top management must supervise all cost reduction efforts. This means involvement all along the route, not cost cutting by remote control or front-office edict. As President J. A. Keller of Mergenthaler Linotype Company, Brooklyn, N.Y. puts it: "Top management must lead and make personal sacrifices to establish tone. Follow-up and continuing attention to results are mandatory."

• Cost cutting must be accompanied by a continuing communications effort, aimed at maintaining employee morale and productivity. Edward A. Purnell, president of the General Fireproofing Company, Youngstown, O., says: "Proper communications are imperative to produce an understanding of the company's competitive position and problems." Adds President William S. Lowe of A. P. Green Fire Brick Company, Mexico, Mo.: "Cutting back tests management's ability to maintain high morale under adverse conditions. We must develop the attitude that this is an opportunity."

• A continuing cost control program in good times as well as bad is better than cyclical blood-letting and often obviates the need for formal cost cutting in hard times. As President Frank Armour, Jr., of H. J. Heinz Company, Pittsburgh, puts it: "Cost should be continuously approached with severity. There is no in-between action in a vigorous business that is planning for the future."

Topping off these concepts are a few practical tips. One president advises: "Be hard-boiled at the top." Another suggests that "excessive standards of excellence be reduced." A Connecticut manufacturer asks: "Is 'Cadillac' treatment being used where 'Chevrolet' methods would do?" And a sporting-goods maker says: "We're teaching all our people that a nickel is a nickel no matter where you get it."

To some, formal cost cutting may suggest a workforce riddled by layoffs, a staff emasculated by across-the-board dismissals, demoralized executives making do on sharply reduced salaries. But this picture, whatever its validity in the past, is clearly on its way to extinction.

Except when real disaster looms, 88 per cent of the presidents polled reject general salary reductions as a proper cost-cutting measure, and 66 per cent turn thumbs down on wholesale cutbacks in staff. Both, they say, can do the company permanent harm. H. G. Ebdon, president of Combustion Engineering, Inc., New York City, labels across-the-board reductions in personnel "an indication of executive weakness." But Joseph S. Young, president of Lehigh Portland Cement Company, Allentown, Pa., also points out that a company may be better off getting rid of less productive employees—and paying more to those who are left.

Where is the fat?

To the critical eye of some 39 per cent of the presidents, the production department stands out as the bulgiest spot in the corporate silhouette, with sales—cited by 19 per cent—the runner-up. Edwin L. Parker, who heads A. G. Spalding & Bros., Inc., Chicopee, Mass., expresses the sentiments of many when he says, "We feel the most 'fat' is in manufacturing costs, which we know we can bring down." Other flabby spots are administration and staff (cited by 11 per cent), advertising (11 per cent), and research (8 per cent).

A number of companies, however, insist no single area promises dramatic results to the cost cutter. One New York manufacturer says, "The fat must be rendered from each and every department or division. Unfortunately, all areas are equally affected by laxity in holding back costs."

But these are the presidents' critical estimates of their own companies. Turning his sights on industry at large, the typical top executive sees half-baked promotional gimmicks and "junk" advertising as the most promising cost-cutting targets, closely followed by the ever expanding area of administrative and staff activities. The president of one company in the refining industry blasts staff men who "continue to find or make work after the need has passed." In industry at large, 13 per cent of the Panel think sales departments could stand the most trimming. "Featherbedding" on all levels was hit hardest by 12 per cent, and entertaining by 11 per cent. Production—the first cost cutting choice at home—is picked by only 4

per cent as a worthy industrywide target.

There is no doubt that the prevailing attitude of caution and moderation was shaped to a substantial degree by the recession of 1957–58. During that period, when a number of companies cut costs recklessly, they also learned a few hard, significant lessons. Perhaps the most important is reflected in the presidents' explicit recognition that continuing review of costs must be made a way of life. Speaking for his many fellows, Claude S. Lawson of United States Pipe & Foundry Company, Birmingham, Ala., says flatly: "Cost cutting or control is a continuous and continuing function and should not be reserved for periods of recession."

Yet in periods of crisis, even companies which continually review their costs are likely to put on a bit more pressure—and when they do, they beef up their communications efforts as well. Bulletin boards and house magazines burst with exhortations to boost productivity, pull in the slack, and get the shoulder to the wheel. Contests and rallies inevitably follow.

Accent on specifics

How effective are these traditional communications gestures? Not very, in the opinion of a good many companies. William B. Prosser, chief executive of Perfect Circle Corp., Hagerstown, Ind., holds that "the problems of cost reduction must be translated into specific areas of responsibility with definite objectives in order to achieve the best results." And in setting those specific areas, a number of companies have found it effective to keep cost-cutting committees to a minimum, while assigning the responsibility for achieving established goals to company officers.

A few companies found that the selective reduction of personnel (described by a New England manufacturer as the "releasing of incompetent deadwood tolerated since World War II") proved an effective cost cutting technique. Some other measures cited were: tighter control over expense accounts, reduction of inventories, introduction of automation, establishment of labor incentives, the abandonment of unprofitable product lines, cuts in executive pay, and general salary cuts.

To a large degree, opinion has crystallized as to what cuts should *not* be made (see chart on page 34).

- Some 38 per cent of the Panel would protect management development programs with tender loving care. In the words of Samuel F. Hinkle, president of Hershey Chocolate Corp., Hershey, Pa.: "Curtailing them would be a business diet leading to starvation."
- Another 34 per cent of the presidents nominate research and development for virtual cost cutting immunity. They agree with one president who declares that it is folly to make such programs "cost-reduction whipping boys—they represent the earnings of the future."
- Twenty-six per cent, agreeing with Clarence B. Randall (see page 37), reject any cuts in advertising.

Big game is the long-range target of the cost cutter, but the expense account, that hardy veteran of countless cost-cutting safaris, still draws concentrated fire. A substantial number of Panel members are keeping close watch on all air travel: It's "coach" for their executives, though they permit first-class travel for long distances. A number of companies say they now take a harder look at participation by company representatives in association meetings, out-of-state workshops, lectures, and conventions, limiting participation to a maximum of one or two. Another growing trend is toward closer review of expense statements, a step partially prompted by Internal Revenue Service emphasis on tighter controls.

Holding down erosion

On the basis of past experience, what happens to formal cost-cutting programs over the long run? Almost 90 per cent of the Panelists agree with this observation by the president of a Pennsylvania company: "The incentives for careful policing begin to erode when the pinch eases. Cost-cutting programs must be closely policed to be effective." The head of a New Jersey firm points wryly to human nature, noting: "Prosperity always seems to add 'fat.' Expenses which were once considered *desirable* suddenly become *essential.*" One president, however, insists some loss of ground must be permitted, since constant heavy pressure to cut costs "puts management in the position of the 'boy who cried wolf'."

But a number of Panelists feel that even though costs may inch up in good times, real gains do not soon disappear, though virtually every president concedes that constant vigilance by top management is the only way benefits of a formal cost-cutting program can be retained. "Top management is to blame when bad habits or looseness return," states the head of an East Coast company. His attitude represents the view of most Panel members: Continuing control is the most rational way to cut costs —and the responsibility for keeping the corporation in trim, good health lies with them and their executive staffs.

—JACK J. FRIEDMAN

The Savings Show

One indication that cost-cutting will probably remain a fixture of the corporate scene well into 1961 is the lack of results so far generated by the programs currently in operation. Most presidents insist it is too soon to report tangible results for programs instituted in 1960. They are taking the longer view, looking for substantial savings later rather than flash-in-the-pan results today. Few panelists report, for example, the usual sniping at telephone tolls, wasted paper clips, and the like. Sweeping, long-range reform is the rule.

This interpretation is reinforced by the solid results reported by a few companies whose cost-cutting efforts, begun early in 1960, are starting to pay off.

- 10 per cent shift in general administrative expense.—*Chemicals maker*
- Annual savings through engineering cost reductions will total about $15 million.—*New York manufacturer*
- Break-even points have been lowered by 25 per cent.—*Transportation equipment maker*
- Estimate yearly savings of at least $1.5 million—*Paper products manufacturer*
- Reduction of break-even point on P&L by about 10 per cent.—*Midwestern manufacturer*
- A reduction in employees of about 5 per cent, which offsets the normal increases in wages, maintenance costs, taxes, etc.—*West Coast manufacturer*

THE FOLKLORE OF MANAGEMENT: XIII

When profits shrink and prospects for the coming months look dim, the cry goes up— "Slash overhead!" But that is just the moment, warns a veteran business leader, when hasty action can do irreparable harm.

The Myth of the Cost Cutter

CLARENCE B. RANDALL

WHENEVER the American economy pauses to take a long breath, as it must and should from time to time, the thoughtless executive reaches for the panic button. Impulse thinking replaces calm judgment. A sudden rash of unreasoned cost cutting breaks out. Economies which should have been undertaken earlier, and spaced appropriately one by one, are made all at once in a disorderly fashion. Soon the alarm bell is ringing wildly, and the net result is to shove the "down" lever of the business cycle, instead of holding everything steady until the forward thrust can begin again.

Cost cutting, as such, is a very significant function of management. It is what keeps a particular business organization lean and sinewy, and it is vital to our economy if the United States is to maintain its competitive position in critical world markets.

But cost cutting should be a year-round process, continuing and orderly, repetitive and done according to plan—never a mere orgy of blood letting. It should do for business what pruning does for the vine, the bush, and the tree.

The world around, hardy men who make their living by harvesting the fruits of the soil know when and how to use the pruning knife. They have no more useful working tool. Whether it be the French peasant who gives daily, almost hourly, care to his precious two hectares of sun-drenched hillside soil in Burgundy, or the cherry grower of Michigan, or the owner of an apple orchard in Virginia, he preserves the quality of his product by his skill in removing deadwood. The significant thing about his operation, however, is that he works at it all the time. Never does he rush out in terror to lay about him with an axe, slashing indiscriminately right and left.

He is steady and consistent about the whole process and keeps constantly at it. In a spring following a bumper crop, when he is sure that he has a vintage product, he does the same amount of trimming as after one of those sad years when the hail damage has all but ruined him.

Not so in industry. Our morale goes up and down with the sales charts. When the economy is bursting at the seams, and smoke is coming from all our stacks, we talk little about cutting costs. We put the pruning knife away in the back of the tool shed, where it rusts from disuse. We pay small attention to expense items and say to ourselves with a shrug that even if some particular item is a little unnecessary, the Government is paying half of it anyway.

The fallacy in this argument is that although a business expense used as a tax deduction may help the company, it hurts the country by precise-

ly the same amount. Some day we will realize that unless the business man thinks more about his country and less about himself, we may not always have a country. The welfare of the whole economy is more important than that of a particular corporation, and an executive must learn to ask himself what would happen to all of industry if everyone should simultaneously act as he proposes to act.

In the old days of our clipper ship ancestors, when a sudden storm struck, all hands were sent swarming up the masts to take in sail as rapidly as possible. Soon the vessel was stopped dead, stripped to her bare sticks. There she wallowed in the trough of the seas until the danger passed and the glass began to rise again.

Industry cannot afford to behave that way in today's Soviet-threatened world. The master of the clipper ship had only the safety of his crew and cargo to worry about. We, on the other hand, have an imperative obligation to plough through the storm. We cannot let the American economy get becalmed, either. We must make our own wind, if need be, but it is far better to watch the weather in the first place and never let ourselves get caught carrying too much sail.

Each industrial enterprise is an inseparable part of the community in which it operates, and each community is a part of the nation. We are not free to make decisions solely on the basis of saving our own skins. The high privilege of making good profits in boom times entails high responsibility in bad times.

Each sudden cut in expenditures made by one company to protect its own position means a loss of business for someone else. In a chain reaction, retrenchment by one breeds retrenchment by another, and the collective recklessness thus produced can drive the economy as a whole into a severe depression which more responsible conduct would have avoided.

Many a wise captain has brought his ship safely to port because, knowing that storms might come, he carried adequate ballast. Financial reserves are the ballast of industry. Where there is business statesmanship and full understanding of the inevitability of fluctuations, cash set-aside are established in good times, to be spent courageously in bad. By such conduct only can we collectively mitigate the impact of pauses and recessions.

When a sudden fury of ill-considered cost slashing sweeps through a company, "We must cut overhead" becomes the slogan. Yet this mystic catch-phrase seldom means the same thing to different men. To many, it is a simple command to cut off overnight every expense that does not pay off at once, here and now. Hack away at the intangibles. Forget the future. Have no thought for human values. Give up planning for the long term. Stop construction. Suspend plant maintenance. Permit no nonsensical talk about that overdue paint job. Forget equipment replacements. Cut inventory to the bone, even though it means shutting down the plant of a loyal supplier. Take care of yourself, and let the devil take the hindmost, through the whole dizzy descent down into the abyss.

Advertising is a favorite target for the cost cutters. It rates as "overhead" when the non-spending spree is on, and the temptation is always strong to lop the appropriation in two. Yet a downswing is the very time when it is most urgent for a company to increase the demand for its products. The striking new phenomenon in our economy is that basic industry can be bumping along on slim schedules while consumer spending remains high. Surely such a combination fairly cries out for more and better advertising instead of less.

Public relations brings another gleam to the cost cutter's eye. Only the most enlightened executives are ever genuinely excited about it at best. When income starts to fall, there is little resistance to cutting its appropriation. Yet when the storm clouds are gathering and the financial writers are ringing the alarm bells, it is more than ever important for management to project for the company an image of creative leadership and strong social responsibility.

Charitable contributions are almost certain to be attacked. "Stop the handouts!" is the cry, as though this spending were merely a form of largesse, like throwing out gold pieces from the carriage when the earl rides through the village, instead of being the most sacred sort of civic obligation. No sensible board of directors would question the principle that such set-asides should rise and fall with corporate income, but the answer again lies in reserves. Wise management, through the establishment of a foundation or some other fund, has the foresight to overaccrue in good times, spending less than is accumulated, so that when disaster threatens and the community need is greatest, hospitals, social agencies, and educational institutions may have a steady and continuing level of support.

The most tragic error of all is to cut off the recruitment of able young men. Someone raps out the order "No more hirings!"—and forthwith the vital flow of brains, training, and character into the organization is blocked. Back to the gas pumps with this year's graduates from colleges and technical institutions, back to mediocrity for the company's leadership

THE MYTH OF THE COST CUTTER

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THE MYTH OF THE COST CUTTER

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25 years hence—all for the sake of making third-quarter earnings look better in the current year. This is mortgaging the future with a vengeance.

Because of such conduct, the Great Depression of the early '30's laid across many fine companies a permanent blight which can still be seen as the leaders move onward in their corporate history—solely because little men with craven hearts hired no youngsters in that dismal era. It has been like the shadow of a single dark cloud that moves progressively across an otherwise bright landscape, and it will go on until those vacuum years cross the line of normal retirement.

A secondary phase of this management myopia is the sharp cutting back of all personnel training and development programs. These, too, are intangibles. They can come under the same condemnation: "Cut the overhead!" When this happens, units of physical production are given precedence over human production. Monetary necessities control human necessities, and only the years that lie ahead will reveal the heavy price paid for such shortsighted decisions. Building a sound organization is a never-ending task, and the only right time to work at it is all the time.

One serious, seldom-recognized consequence of explosive and frenetic cost cutting is the effect which it has on the people who carry on the day-to-day routine tasks. When the president goes about snapping off light switches, turns the thermostats back two degrees, or takes one bank of elevators out of operation, he breeds fear and unreasoning apprehension in the hearts and minds of everyone around the place. He magnifies the danger instead of allaying it.

It is so on a ship. When the captain gives the order to swing out the lifeboats, it does little good for him to tell everyone there is no danger. His actions speak louder than his words. Men who are afraid they will lose their jobs, or at best be put on broken time, work neither well nor safely. Rumors fly thick and fast, and what is feared becomes more deadly than what is real. Magnify this by the number of salaried and daily-wage employees in all industry and you have a national problem. It ceases to be economics and becomes crowd psychology, the forerunner of crisis.

The regrettable aftermath to irresponsible private conduct is the damage done to the basic concept of private initiative, which is under reappraisal everywhere in the world. Without the right climate, private enterprise cannot survive.

Whenever industry fails to solve a national problem on its own, Government must. Social pressures mount to the point where they simply will not be denied, and no matter what political party is in power, steps must be taken to overcome the emergency. Once taken, these can never be undone. A new pattern will be then permanently imposed upon our national life.

It was so with the generation ahead of ours. Management then met a downturn in the economic cycle in forthright fashion. It was direct and immediate in cutting costs, but irresponsible in terms of the disastrous effects on the welfare of the country as a whole. It simply turned half the employees loose to fend for themselves—and often this was not even layoff, but just plain dismissal. This not only jettisoned valuable accumulated skills and experience for the company. It also helped to bring into being formidable new social forces. When these pressures had been resolved by Government action, there had been created an entirely new array of social mechanisms which are now a permanent part of the industrial regime—unemployment insurance, Social Security, strong labor unions, and the demand for a guaranteed annual wage.

It is conceivable that we will soon face the building up of similar powerful forces. The concept of central planning is attracting new advocates who have powerful and strident voices.

The American people are now becoming much more sophisticated in their understanding of economic matters, and searching questions are being asked which someone will have to answer—either industry itself, or Government.

Industrial statesmanship is required to meet this challenge, leadership that will of its own volition, and by the use of its own resources, undertake to flatten the curves and level out the swings.

But this means constant and courageous planning in both the ups and the downs. It demands restraint and moderation at all times. We must resist both overexpansion in the booms, and overzealous cutbacks in the pauses. Like good military commanders, we must try never to occupy a forward position that we cannot defend, and we must always keep reserves that we can throw in, instead of retreating ignominiously.

Let us learn a lesson from the French peasant and his vineyard. He knows that he must keep everlastingly at his pruning in the spring if the picking basket is to be full in the fall, but he never trims off so much that he damages the vines. If a sudden hail storm in September ruins his crop, he still keeps his head. He knows that the warm sun will return the following year, and his first thought is always for the new growth.

END

THE MYTH OF THE COST CUTTER

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THE MYTH OF THE COST CUTTER

The welfare of the whole economy is more important than that of one corporation, and the executive must learn to ask himself what would happen if everyone should simultaneously act as he proposes to act.

From R&D through production to marketing and accounting, a new force is revolutionizing industry.

HOT CUT: *Combining remote electronic measurement at high temperatures with closed-circuit TV, this recently developed Grimson Color, Inc., device enables shearman to cut hot steel I-beam (left) in lengths ranging from 200 feet down to ¼ of an inch. Movable scale on display screen is set against hairline rule. When crawling beam reaches the rule, the shearman activates controls and makes the cut.*

What Electronics Can Do for Your Company

IMAGINE a stock department that is never caught short when new orders come in; a production line that operates 90 per cent of the time, turning out work of carbon-copy uniformity at incredible speed; a virtually foolproof quality control system. Picture this dream operation backed up by a marketing department that spots trends with unerring accuracy; a research and development section that seems to transform basic concepts into finished designs overnight; sales, warehousing, and shipping operations so efficient that a customer never complains.

Today, electronics is making many of these things near-realities. In every conceivable area of manufacturing and distributing operations, electronic devices are changing the face of industry.

The varied applications are so broad—even one unit may have a multitude of uses—that an industrial Rip Van Winkle who dozed off beside his drill press in 1939 would have difficulty believing his eyes if he awoke to see the electronically controlled factory of 1961.

Step by step through the industrial process, from the time the mere idea of a product is conceived to the moment the finished article leaves the factory, the harnessed electron can be put to work.

Research and Development

One of the best known of the electronic devices, the digital computer, is bringing new efficiency and accuracy in activities as far apart as pure research and accounting—not to mention the uses to which it can be put in the processes in between.

But it is in R&D that the digital computer (as well as the less versatile analog computer) really shines. It need not be a huge, costly affair to do its job. For example, when Land-Air, Inc., a Chicago company, had to "hand-design" power transformers, it usually took a full day to turn out one design. Now a Bendix G-15 computer has increased the average output of the transformer engineers 700 per cent. The unit takes up no more room than a kitchen refrigerator and is priced at about $49,500—or $1,485 on monthly rental. (Solid-state design is responsible for the compactness of many of the newer computers.)

Processing costs are reduced, and data storage capacity enhanced. Design jobs are now knocked out within

28 to 90 minutes, each an optimum solution to the problem at hand. The computer also provides same-day cost quotes on each project.

Another aspect of R&D—experiment and analysis—depends on tight controls to protect the accuracy of findings. In chemistry, this means freedom from even a trace of foreign substance in utensils. Today, ultrasonic cleaning removes the stubbornest dirt in 30 seconds.

Impurities in film bases are weeded out by Eastman Kodak Company with the help of a mass spectrometer, which identifies vaporized gases, liquids, and solids by revealing their molecular mass. The device can complete an analysis within a ten-thousandth of a second.

In the laboratory as in the factory, remote heat measurement is possible with the infrared pyrometer, which resembles a miniature TV camera. It precisely measures the temperature of any object its lens is focused on, and the temperature is then read out via a meter, oscilloscope, or graphic recorder. Tests can be run without a single result-distorting stop.

In the new Electromechanical Building of U.S. Steel Corp.'s Monroeville, Pa., research center, electronic devices test new products, systems, and processes. One of the most heavily used is closed-circuit television. U.S. Steel employs it with a stroboscope to check the relationship between crystal size and the corrosion resistance of tin plate. The company also uses television to study the behavior of fine-grained ore cargoes in heavy seas. A 1/12 scale model of a hold is pitched to and fro and a video camera is aimed at a mirror which reflects a profile image of the shifting ore. This is viewed on a monitor against a gridded backdrop, to check the behavior of the ore with varying degrees of moisture added.

Production Scheduling, In-Process Inventory Control

Electronic data processing and associated equipment have revolutionized the processes that precede the actual manufacture of a product. Here again the digital computer is the star. Even in just the final phases before production begins, pioneer companies like American Bosch Arma Corp. have learned that it can bring substantial results (see DUN'S REVIEW, October 1960, page 85). Yates American Machine Company of Beloit, Wis., which has sales of $9 million annually, achieves savings with elements of IBM's Management Operating System and the Ramac 305 that at today's profit rate it could only get by selling $1 million more a year.

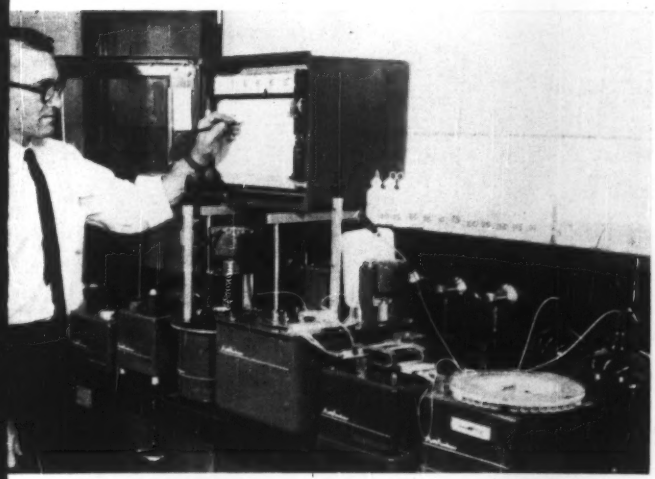
Yates utilizes MOS techniques to keep track of some 26,000 components and raw materials, including standard minimum order requirements and order points. The computer determines net and gross production requirements from orders received and bills of materials. It sets assembly start dates, turns out prepunched labor tickets, and automatically keeps complete cost records, including a parts program rundown and a list of parts needed immediately to complete assembly. It also gives management a daily report on the relationship of fixed costs to production costs.

Use of the entire MOS, now being tried by several manufacturers, covers all six basic manufacturing functions: sales forecasting, materials planning, inventory management, plant scheduling, work dispatching, and operations evaluation.

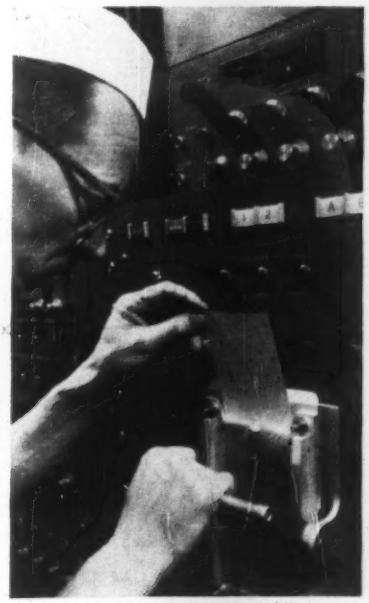
Production, Process Control

The numerical control of actual machine tools by specialized electronic equipment is greatly speeding up production for many plants (see page 44), and other electronic devices control the processes of heavy industry (see photo on page 43).

In the Sun-Maid Raisin Growers packaging plant at Fresno, Calif., an electronic scale controls a servo-operated dispensing unit. This insures uniform weight for each package of raisins. Electronic weighing devices are also built into Philip Morris's new automatic equipment. They help control the cigarette-making process and compile a graphic record of operations.



ROBOT CHEMIST: *This automatic Technicon Controls, Inc., system measures, samples, mixes, purifies, compares, and charts specific substances in any fluid. The actual chemical analysis consists of color comparison by a colorimeter, which gives off signals to a chart recorder. The data are then fed—again automatically—into a computer.*



CHIEF CHEF: *Recipes for ice cream come from an analog computer at the Boston plant of H. P. Hood & Sons. The unit determines the correct ingredients to provide a set proportion of butterfat and milk solids (which non-automated cows produce in varying quantities from day to day). Fed the content of the day's ingredients, the computer produces a coded punch card which is then interpreted into a series of valve adjustments that regulate the flow of ingredients from storage to blending tanks.*

EYES AND EARS: *Assemblers at Collins Radio Company listen to instructions through an earpiece and watch picture of the operation on a small screen. A magnetic tape cartridge player triggers a built-in slide-film mechanism, which allows each operator to compare her work with the slide. She can freeze a step, but cannot break the sequence on the Applied Communications System device.*

Computers linked in with actual production or processing operations serve as analyzers and regulators in industries of all kind. A few completely computer-controlled plants are already in operation. A GE 312 process computer is expected to save $23,000 in fuel and manpower over its own $30,000 annual cost for the Puerto Rico Water Resources Authority. It will watch for abnormalities, compute unit heat rates, and check boiler efficiency. In a strip steel annealing line of a large steel mill, a similar unit controls temperature in the heating, soak, and cooling areas of the annealing furnace, and records operating data as well.

Production Aids and Tools

Fallible humanity still plays its role in even the most automated operations, and electronic devices—closed-circuit TV is most familiar—are used in countless applications to "control" the man as well as the machine (see photo above).

One of the most difficult jobs in a steel mill—cutting a red-hot I-beam to proper length—is yielding to electronics. The heat of the I-beam prevents direct measurement, but U.S. Steel puts that heat to work in a system built around three overhanging infrared detectors. By time sequencing, these sensitive devices measure the bar passing below. Knowing the precise length of the I-beam "bloom," shearmen up the line can decide how to cut it to fill orders.

The cutting itself, usually guided by weld marks along the siding of the roller bed and measurements taken by eye from a 10-foot distance, can now be guided electronically, eliminating later laborious cold-cutting and waste. Bethlehem Steel Company shearmen therefore use a television gauging system which permits them to achieve accuracies within an eighth of an inch.

Servo Corp.'s infrared equipment is being used by one plastics plant to control the temperature of plastic extrusions via a hookup with the heating element's regulator, and to control temperature conditions during the application of plastic coatings.

The cleansing skills of ultrasonic devices have production as well as laboratory applications, and ultrasonic drills are used throughout industry to cut unusual shapes into hard materials. New ultrasonic welders developed by Gulton are not troubled by surface oxidation on aluminum nor by the high electrical conductivity of copper.

Quality Control, Inspection

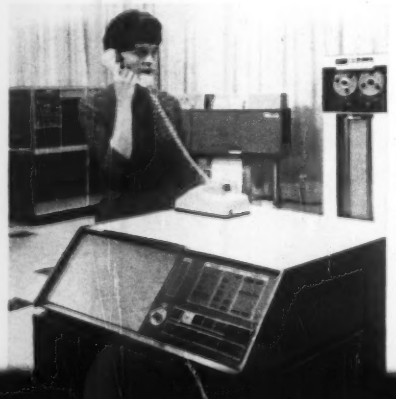
A number of electronic devices serve as quality watchdogs. Such textile producers as Du Pont, American Viscose, Chemstrand, and Celanese Corp. use Lindly photoelectric yarn inspectors. U.S. Steel plants will soon be checking steel sheet with coils that measure its magnetic properties. Fairchild Aircraft and Missiles uses a Westinghouse Baltospot 200 portable x-ray machine to inspect the wing structure of its F-27 turbo-prop transports. Time-consuming removal of the wing components would be the alternative.

Communications

Communications channels—the nerves of industry—benefit from the speed, accuracy, and simplicity that a variety of electronic devices offer. In the pipeline business, microwave communications permit complete remote control of valves and pumping stations, and under a recent FCC ruling, microwave systems can now be set up by many businesses once denied the privilege.

Ohio Oil Company and Platte Pipe Line Company, among others, control their extensive systems via microwave. Platte's gear, made by Philco, garners remote readings of flow, suction and discharge pressure, and specific gravity of the fluids being transported. At the same time, microwaved signals operate valves and pumps under central-station control. Ohio Oil, which uses the same type of control, has also developed a variation of its own to use in conjunction with either microwave or telephone: A tape unit

ON THE LINE: *Operator places a call to a computer in a distant office to get direct connection for data transmission between the memory units of two specially equipped IBM 1401's.*



OFF THE TAPE: *Punched card data which this Stromberg Carlson device is transmitting over leased wires will be recorded on magnetic tape and fed later into computers at a central installation.*

gives a voice report of flowmeter readings in response to a call. Individual voice recordings, on tapes attached to a drum, are selected in proper sequence by meter-actuated linkages.

Today, handwriting can be transmitted by wire on TelAutograph Corp. equipment. Personal radio communications systems developed by GE and Stromberg Carlson eliminate time losses when key people are continually roaming broad expanses of work area. Far-flung operations have long been connected by leased Teletype wire, and now documents and graphic presentations can be transmitted quickly in their original form on the many facsimile transmitters available. The principles of facsimile transmission are put to work in a new Gestetner Corp. stencil-making machine which reproduces highly detailed artwork.

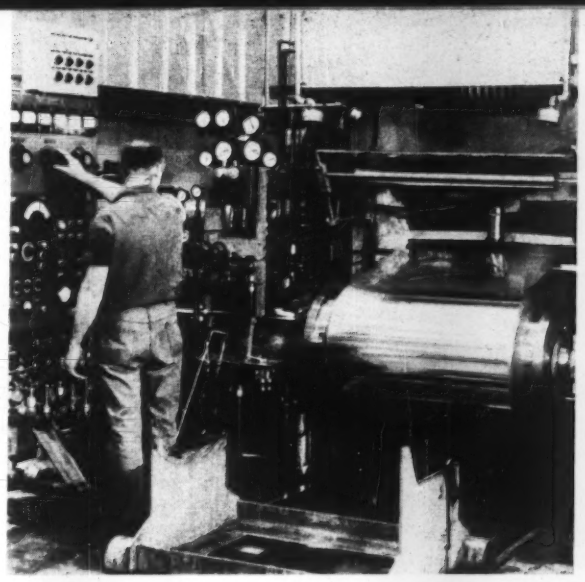
One of the most interesting developments in business communications is the telephone and telegraph wire transmission of digital data (see photos on page 42). AT&T provides the Data-Phone equipment, and with it transmission costs no more than a phone call.

Marketing and Accounting

The data transmitted so swiftly by the aid of electronics, and the countless pieces of information collected within each office of the company, are today processed electronically as well. The use of computers in just one area—inventory control—has been judged the cause of one of the most revolutionary developments the business world has ever seen.

General Tire & Rubber Company keeps tabs on its finished-goods inventories with the help of an RCA 501 all-transistorized computer which processes inventory, billing, and shipping reports on a daily average of 2,000 shipments. Executives can cull any fact or figure from its units within a fraction of a second. Similarly, Economic Laboratories, Inc., a St. Paul manufacturer of cleaning and disinfectant products, gets 25,000 invoices prepared monthly by its rented Remington Rand Univac Solid-State computer. Invoicing errors have been reduced to a miniscule fraction of 1 per cent.

Companies unable to afford rental fees can now avail themselves of commercial data processing services, operated by IBM and RCA, among



X-RAY CHECK-UP: *An electronic system controls the generator and drive motor of this Mirro Aluminum foil mill, and reacts to signals from an x-ray unit which checks the thickness of the foil. Roll pressure and speed are then varied automatically. Electronic devices also control the homogenizing furnace, and vital parts of the cold rolling, annealing, smelting and slitting operations.*

New Tools Coming Up

Communications
- —A low-cost data transmission system that answers the telephone and takes punched-card messages. (IBM)
- —A camera-less video system for transmitting microfilm material to distant viewing units, with remote image scale/position control. (Nord Photocopy & Electronics Corp.)

Data Processing
- —A transistorized digital computer with a "jukebox" magnetic disk memory unit. (RCA)

Controls
- —A radio control system for bridge cranes. (Barrett Electronics Corp.)
- —A supervisory control system for utilities and other companies, based on transistors and printed-circuit cards. (General Electric Company)

Gauges
- —A device that measures materials thickness according to beta radiation resistance. (Ohmart Corp.)

Damage Detection
- —A vibration monitor for machinery. (Stewart-Warner Corp.)
- —A vibration monitor for ball-bearing assemblies. (SKF Industries, Inc.)

Plant Protection
- —A fence alarm system activated by disturbances in an electromagnetic field. (Airtronics International Corp.)
- —An ultrasonic device that makes buildings untenable for rats. (Dynamic Sound, Inc.)

others. Small companies are also going into the business to provide accounting, bookkeeping and even marketing services. (When computers simulate marketing problems, they offer not only a selection of solutions but estimate appropriate prices and the probable effects of competitive bidding on costs as well.)

Before marketing strategy can be mapped, market information must be acquired. In this area, far less expensive, less elaborate electronic aids can be utilized. Shoe Corp. of America executives who visit top sales areas to analyze successful operations go equipped with Uher Universal tape recorders. These machines, the size and weight of a portable typewriter, record field interviews with key retailers and consumers. The same equipment is also widely used in sales training, and an accessory for the machine automatically cues a slide projector in sales presentations.

Apply with Care

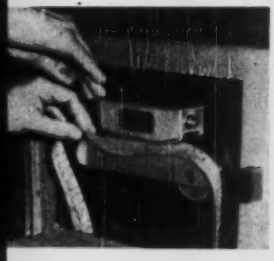
The scope of electronic applications to industry is so vast that in the space of months imaginative managements will find radical new uses for the devices offered and those now being developed. (The products mentioned here represent only a bare sampling of the equipment available.) They will, however, avoid being dazzled by the array and heed the advice of pioneer companies and the makers of electronic equipment themselves:

- What is good for company A may be poison for company B. Market potential and growth capability must justify the added productivity.
- Beware of systems that require too standardized a raw materials input and product output if your business is one of relatively short, varied runs.
- Remember that computers often require sweeping changes in all data-producing operations.
- Premature obsolescence is a hazard.
- Seek flexibility wherever possible. Can the equipment handle a variety of situations, products, materials? Is it compatible with contemporary or projected gear? Can it be adapted to fit a changing electronic technology, and your own changing needs?

These are the things to bear in mind as you study all that the electronics industry can offer—but you'd be wise to study well, for your competitors are studying it, too.

—ART ZUCKERMAN

Tape Control Lures Manufacturers



At the recent Machine Tool Exposition in Chicago, the proprietor of a small metalworking job shop watched in wonder as a giant tape - controlled contouring machine went through its paces. Then he exclaimed: "What a machine! It probably costs more than all the equipment in my shop. I bet it cost 30,000 bucks if it cost a cent."

A salesman who heard the remark didn't have the heart to tell the old machinist that this new machine tool cost well over $200,000.

This anecdote typifies the current romance between American manufacturers and the producers of tape-controlled equipment. The machine tool makers are courting hard, potential customers are eager to accept—but in too many cases they can't come up with the necessary dowry.

Although the new equipment can usually double the capability of any machine it guides, even the least complex positioning control doubles the cost of the machine as well. Some electronic controls are twice as expensive as the machines they are attached to.

As long as prices stay so high, only a minority of the companies that can use these tools will buy them—and then they usually must keep them working at least two shifts to pay off on the investment. But by cutting their teeth on the present machines, they gain irreplaceable lead time. When more complex systems come out, they will be able to apply them with comparative ease, and in the meanwhile, they are achieving spectacular savings.

Fortunately for their competitors, the long-term prospects are for a steady drop in the price of the controls, though not for the machines they guide. Well over a dozen companies now offer point-to-point tape controls, although only three of the much more complex and expensive contouring systems are on the market. Competition is sure to push prices down.

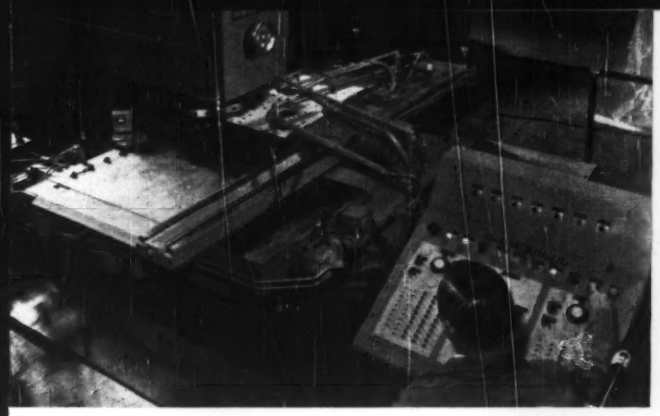
There is also a commendable competition in technology. Most of the point-to-point controls are electronic —based either on vacuum tubes or transistors—but two of the newest systems are, respectively, electro-mechanical and hydraulic.

To cut the costs of tape-controlled production, many companies ask if controls can't be installed on their present machine tools. The answer is that "retrofitting" (the trade name for this procedure) is technically possible but economically unsound.

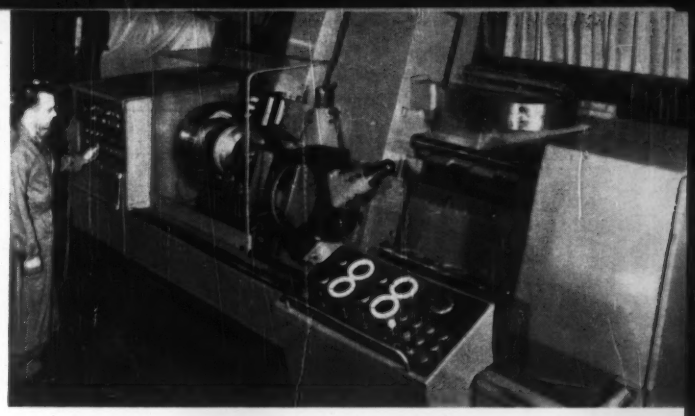
The tape systems keep the machines running so much faster and longer (up to 90 per cent of the time, compared with about 40 per cent for manual control) that older machines couldn't take the added workload for long. Machines that come fitted with tape controls have bigger motors. They must also have heavier, more rigid frames.

While most manufacturers are still evaluating the new tape equipment, the companies which produce it are not standing still. They are already talking about more sophisticated tape controls that can work on more complex fabricating problems—directly from the design engineers' notebooks.

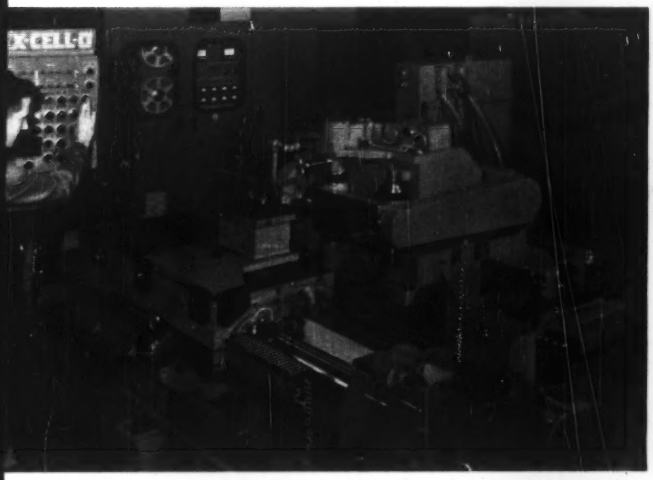
—MELVIN MANDELL



FAST PUNCHER: *This turret punch press can bang out up to 60 holes a minute in large sheets of metal or laminates. The positioning table moves at a rate of up to 750 inches per minute by hydraulic actuation. All the operator has to do is punch the start button on the Weidemann equipment, available with GE or Sperry controls.*



MEMORABLE ADVANCE: *While a skilled machinist cuts the first part of a run on this huge turret lathe, at the mere push of a button the electronic control "memorizes" all the moves he makes. Thereafter, all subsequent pieces are cut automatically in sequence. The new turret lathe is manufactured by Warner & Swasey.*

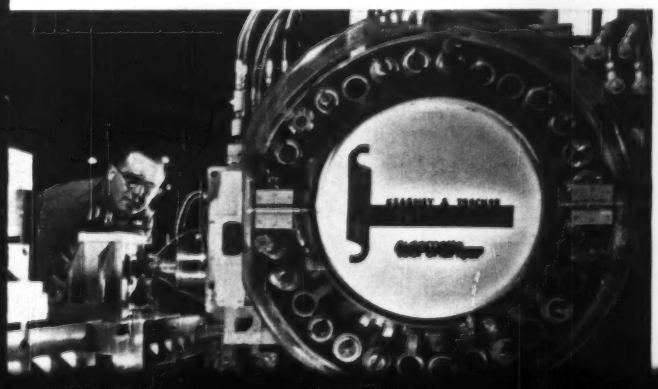


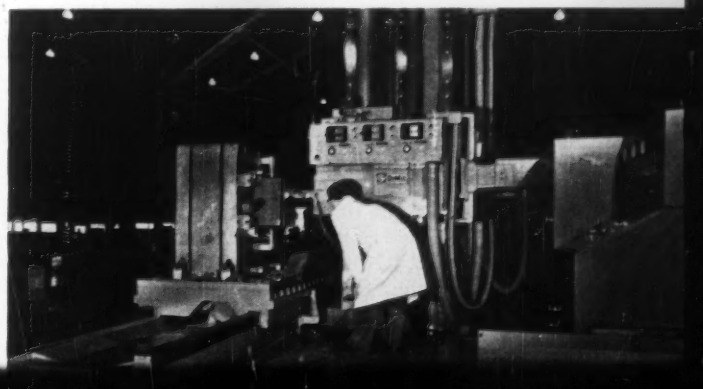
NIGHT (AND DAY) TEMPLATER: *Directed by tape control, this Ex-Cell-O contouring machine makes precision templates up to 26 inches long. First, it scribes the template for cutting by a bandsaw. Then the rough piece is returned to this machine for grinding to an accuracy of ten millionths of an inch.*

LOOK, MA, NO HANDS: *This grinder, which is manufactured by the Cincinnati Milling Machine Company, can grind out a number of successive diameters on a long cylinder. Only one set-up is needed on the tape-controlled machine, and the operation, from start to finish, takes as little as 22 minutes.*

DRUMMING UP TRADE: *This is the automatic tool change drum on the Kearney & Trecker "Milwaukeematic," which costs close to $200,000 with accessories. It can perform five operations—milling, drilling, boring, reaming, and lapping. The part shown here will be machined in 40 minutes, compared with 2½ hours by conventional methods.*

AHEAD OF FORGING: *One of the largest of the tape-controlled machines, this Giddings & Lewis contour miller produces complex forging dies in half the machining time usually required. Because of the fine finish on the die when it leaves the machine, the savings in time spent on hand-finishing are even greater.*





What's ahead for business in the next four years? The President-elect may ignore his scant plurality when he goes to carry out his plans—but he must still wrestle with the balance of payments deficit and the gold outflow, as well as the limitations they impose on his economic program.

Kennedy's Economic Dilemma

JOSEPH R. SLEVIN

A NEW ERA of Government expansion will begin when President-elect Kennedy enters the White House on January 20. The national Government will take on heavier responsibilities, and it will exercise greater authority over the day-to-day activities of business men, farmers, and their employees.

There can be disagreement about the pace of the expansion, and about the lengths to which it will go, but there can be no dispute about the direction in which Federal Government will move. Mr. Kennedy gave but one basic speech during the campaign, and it had but one theme: "We must get America moving again." He is determined to recapture the initiative from the Soviet Union in foreign affairs, and he is equally determined to make the American economy grow faster.

The United States through the years has alternated between periods of dynamic Government expansion and periods of careful consolidation. President Roosevelt was the last occupant of the White House to stimulate a dramatic enlargement of the national Government's role. The eight years of President Eisenhower's Administration have been marked by an inevitable conservation and reassessment. There have been innovations, such as the huge new interstate highway and disability insurance programs, but they have been the exception rather than the rule. Mr. Eisenhower would be happier today if the Federal Government had grown smaller rather than larger during his Administration. He believes that individuals and local governments ought to do more instead.

Mr. Kennedy disagrees. He believes that the Federal Government ought to do more, much more, at home and abroad.

The weight of the evidence suggests that Mr. Kennedy will make a reasonable amount of progress toward his goals. The young Bostonian not only believes in a strong Presidency as a matter of principle but he is very much aware of the enormous powers that can be wielded from the White

I do not believe that Washington should do for the people what they can do for themselves through local and private effort. There is no magic attached to tax dollars that have been to Washington and back. I do not believe in big government—but I believe in effective government. Econo... policy can result from governmental inaction as well as from governmental action.

House. It was apparent throughout his campaign that he took a dim view of Mr. Eisenhower's reluctance to exploit those powers.

Mr. Kennedy, unlike Mr. Eisenhower, is a professional politician, and he has demonstrated that he is an extraordinarily skillful master of his profession. The disposition of Washington veterans is to liken him to another wealthy Harvard graduate who displayed a ruthless capacity for using political power to get what he wanted. The other Harvard alumnus, of course, was Franklin D. Roosevelt. It remains to be seen whether Mr. Kennedy can match Mr. Roosevelt's political proficiency.

The first test won't be long in coming. The President-elect will seek swift Congressional action on a number of key pieces of his legislative program. Unlike former President Truman, who put forward lengthy lists of New Deal legislation that died on the pages of his State of the Union messages, Mr. Kennedy has demonstrated a sense of the attainable and a knack for negotiation. He will ask for programs that he expects to get, and will be prepared to do battle to make his will prevail. He will not be deterred by warnings that his narrow election victory means that he has no mandate.

There have been suggestions that he will find it even harder to push through liberal legislation in the new Congress than it was in the bobtailed August session, when the achievements of the Kennedy-Johnson duo were barely, if at all, on the plus side of zero. The reasoning is that the Democrats lost seats in both the Senate and the House in the election, that a number of those lost seats belonged to liberals, and that the Republican-Southern Democrat coalition will be even more powerful during the months ahead than it was in August.

But there is a gaping hole in the argument. One other seat has changed hands, and that is the President's chair.

Some conservative Democrats who voted with Republicans in opposition to liberal legislation while Mr. Eisenhower was President will vote with the Democrats when Mr. Kennedy is the chief executive, for he will have ways of convincing them that it is to their advantage to see things as he does. Similarly, some liberal Republicans who voted with the conservative coalition will now feel free to vote for the liberal measures that they believe in.

Yet the Kennedy Administration will not be a runaway liberal Administration. It will be somewhat more liberal than a Nixon Administration would have been, and markedly more so than the Eisenhower Administration, but it still will operate within the dynamic system of democratic capitalism that we have developed in the United States.

Mr. Kennedy's sense of the attainable, along with his own balanced approach to political goals, will curb his more liberal advisers, but an even more effective check will be supplied by the nature of the problems he confronts. He wants to make the American economy grow faster, and he wants to reduce unemployment while increasing the living standards of the American people in general and the masses of the people at the bottom in particular. He wants, too, to assure the United States of pre-eminence in world affairs—an ambition that will require increased foreign aid expenditures and higher defense outlays.

But the New Englander will begin his term in office with his freedom of action greatly circumscribed. Instead of being able to enlarge this country's overseas operations in whatever ways he considers appropriate, he will have to gauge carefully the value that is to be received from each expenditure. The pressure to reduce the payments deficit and halt the gold outflow means that large overseas expenditures can be authorized only to the extent that they can be offset either by savings or by earnings from foreign sources.

The Federal Government must work closely with labor and management to develop wage and price policies consistent with reasonable price stability. The erratic upward spiral of wages and prices, especially in a few basic industries, is a primary cause of the inflation which has impaired purchasing power at home and contributed greatly to the adverse balance of payments.

President-elect Kennedy is already committed to stepped-up aid programs for Latin America and Africa, and he is anxious to have the U.S. spend more to help India's latest Five-Year Plan. He has also advocated an increase in this country's long-term development loans. Taken together, these programs may not add up to very large additional sums, but they do add up to more rather than less, and that means they will be pressing against the automatic limitation imposed by the payments problem.

The President-elect is facing a sim-

continued on page 50

Wherever we can be certain that tax revision, including accelerated depreciation, will encourage the modernization of our capital plant—and not be a disguise for tax avoidance—we should proceed with it. It is sound, liberal policy to see that our productive plant is the best and most modern in the world. We cannot compete if our factories are out-of-date or second-rate.

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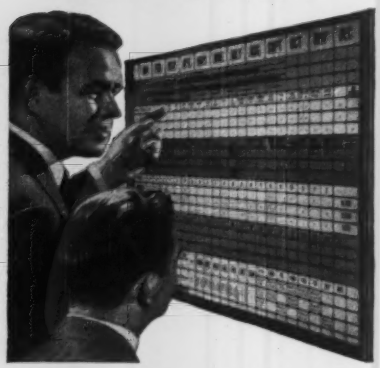

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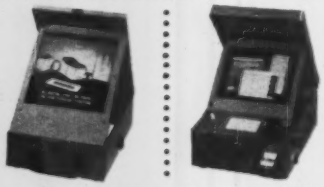

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continued from page 47

ilar financial curb on the domestic front. The budget outlook at the moment is for a narrow balance that allows little room for maneuver. Mr. Kennedy has promised to work within a balanced budget except at times of recession or national emergency. And the policies he has urged are the same balanced budget policies he must follow if the international payments situation—and his potential freedom of maneuver—are not to deteriorate.

The President-elect will have to continue to push most of the foreign economic policies that Mr. Eisenhower has been pursuing, for there are no miracles in world payments. He may make some of the concessions to American protectionists that he hinted at in his campaign, but he will press ahead with freer trade policies, too.

Not-so-new look

Most of the more recent innovations that Mr. Eisenhower has adopted to defend the dollar are measures that Sen. Kennedy is expected to keep in force. He shares the President's conviction that prosperous industrial countries like West Germany should bear a larger part of the burden of helping underdeveloped nations. The cutback in the number of military dependents at foreign duty stations, one of the least popular of the Eisenhower dollar-saving decisions, is not one that the President-elect is likely to overturn out of hand. Similarly, there has been regret among the proponents of freer trade that Mr. Eisenhower has resorted increasingly to "tying" Government loans to the purchase of American goods, but the Kennedy Administration will not lightly discard this policy.

The domestic budget situation imposes some restraint on Mr. Kennedy's plans for increasing both the conventional and space-age equipment for the armed services, and makes the discussed $2.5 billion to $3 billion expansion appear much more difficult of attainment.

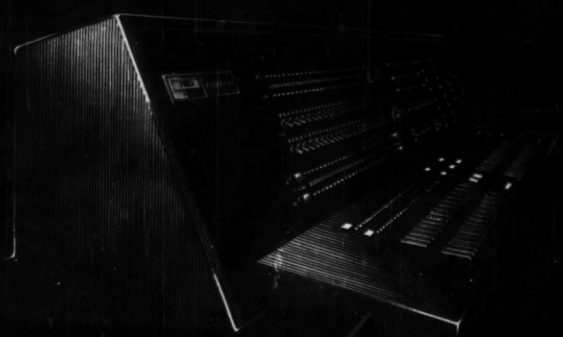
Odd as it may seem, the forces of the world marketplace will have much to say about how much the United States can spend to help depressed areas, to build schools, and to carry out major social welfare programs. Should Mr. Kennedy unbalance the budget to achieve his objectives, he will risk igniting inflationary fires and undermining confidence in the dollar —unless the measures are part of a disciplined and carefully limited anti-recession program.

For the most part, the President-elect's domestic spending programs are not of a magnitude that would cause immediate financial trouble, and he has made clear they are goals that can be achieved gradually. He has earmarked his depressed areas and aid-to-education (schoolrooms, teachers salaries, and college scholarships) programs for prompt action. He wants to move swiftly on his program of medical care for the aged and on increasing the minimum wage to $1.25 an hour and extending coverage to additional workers. Neither of these will alter the volume of Government spending, though this is not true of his plans for bigger public housing and slum clearance programs, a new $90 million stream pollution program, new irrigation and hydroelectric power projects, and a farm program with higher price supports and controlled marketing.

Plugging the loopholes

Mr. Kennedy may find himself under pressure to obtain additional tax revenues, once he is convinced that the danger of a recession has passed. He believes that he can raise an additional $700 million a year by closing "loopholes," and it seems likely that the dividend-received credit may be one of the first concessions to go. There appears to be no immediate threat to the oil depletion allowance, but the odds are better than even that an effort will be made to raise additional revenue by withholding taxes on dividends and interest at the source. The President-elect has promised that he will seek to stimulate business investment by liberalizing depreciation allowances. Whether he can fulfill this pledge without granting a concession to individual income taxpayers remains to be seen.

Among the proposals that Mr. Kennedy has made is a pledge to seek repeal of the authorization for state right-to-work laws. He believes the President's power to settle major industrial disputes should be increased by giving the chief executive a "choice of methods," including plant seizure if an employer is being recalcitrant. He says the fact-finding process should be strengthened and broadened, but he is also flatly opposed to compulsory arbitration. The emergency unemployment compensation program that Congress enacted to



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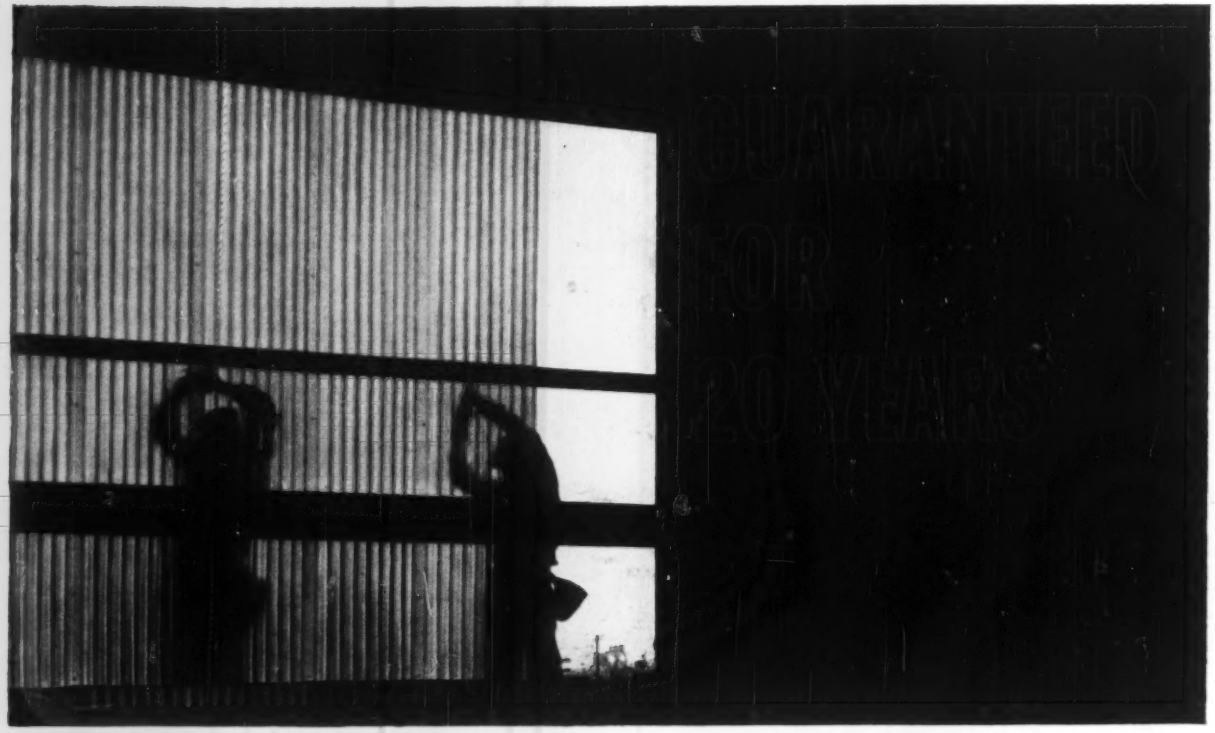

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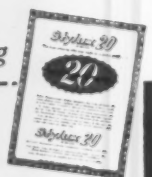

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See New Stylux-20 Exhibit—Booth 654—Plant Maintenance & Engineering Show, Chicago, January 23-26.

provide additional income to jobless workers during the 1958 recession has expired, and a request for either a temporary or permanent program will be forthcoming.

The President-elect's crowded agenda for the first session of the new Congress includes obtaining authority to reorganize various departments and agencies, establishing a new Department of Urban Affairs, and toughening up the regulatory agencies. He believes that the Eisenhower Administration has been overly disposed to staff the various commissions with business men and business-oriented lawyers, and he plans to appoint men better fitted to his concept of quasi-judicial officers, who place the public interest first and group interests second. Because the 86th Congress deliberately adjourned without confirming a number of Eisenhower nominees, Mr. Kennedy will be able to place Democratic majorities on several of the agencies this year, including the Federal Trade Commission, the Federal Power Commission, and the Civil Aeronautics Board.

The chief questions that will be at issue between the Democratic majority and the Republican minority in the 87th Congress will be questions of degree, of emphasis, of size, of magnitude. The United States is relatively prosperous and complacent. Mr. Kennedy has set himself to jog it out of its complacency, and he has repeatedly warned that he will demand sacrifices of the American people. There is every reason to expect him to try to do just that. It fits his conception of the role of the United States in the decade of the '60's. Sen. Kennedy has a deep sense of history —and he has the enormous ambition that swept him to the White House. Fulfilling his promises will carry him along the road that leads toward what he hopes will be a place in history as a great President who made profoundly difficult decisions and inspired his countrymen in years of grave national peril. END

The author, **JOSEPH R. SLEVIN,** who also writes *Washington Business Front* for DUN'S REVIEW each month, is National Economics Editor of the *New York Herald Tribune*. He has worked in the nation's capital since the end of World War II, and his weekly broadcast on the American economy is sent around the globe by the Voice of America.

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Living with the Law

PAUL A. KING

Put Up or Shut Up

If your sales pitch includes the statement that your product is quality-controlled, you had best make sure your plant has an honest-to-goodness quality control program. The Federal Trade Commission has recently laid it on the line for a drug supplier who advertised that his product was subject to "quality control" and was made under a "quality control system." Considering his product, FTC investigators told him that his quality control program was not adequate. Either make more modest claims, it said, or better yet, put in an effective system for controlling quality.

A Doctor in the House

Does your company have a doctor in its plant or office to handle pre-employment physicals, post-illness check-ups, and routine disabilities? Keep in mind that the doctor's relationship with your employees is confidential—even though you are paying the bills.

In the first case of its kind to come up in New York State, a company physician, although he won the case, learned that when some other company inquired into the medical history of an employee it was contemplating hiring, he would have been wise to have been circumspect. In this case, a military unit of the United States was doing the asking, and the physician replied that he had been treating the subject of the inquiry for alcoholism. But the court later made it clear that a patient—even an employee-patient—has a right of action against a doctor for disclosure of confidential information.

The doctor escaped damage-free, because the court found that the employee had waived his privilege of keeping things secret by requesting the physician to furnish medical certificates. But that didn't prevent him from suing and giving the doctor a miserable time.

Whose News?

Submariner Admiral Rickover, whose outspoken criticism has prompted a new look at our educational system, has now prompted a new look at copyright law as well.

The Admiral, despite his desire to publicize his views, wanted to copyright them, too, retaining the exclusive right to say and print them. Were Admiral Rickover's speeches Government issue, and therefore not subject to copyright? A Circuit Court of Appeals for the District of Columbia ruled that his speeches were not "official Government"—and could be copyrighted. The second part of the court's ruling, however, was not so favorable. By the widespread distribution of his speeches, the admiral had lost his right to copyright, it said. His practice was to deliver a speech, provide copies for those who asked for them—and for some who didn't—and to send copies in batches of 50 to whoever sponsored his addresses.

The court said, in effect, that you can copyright your speeches, and in that way save them for your memoirs. You can also send extracts to the press—but you can't do what the Admiral did and save your rights.

The Last Word in Patents

Just like housewives who scout around for the best buys of the week, some patent owners look for the Federal Court which will most likely uphold the validity of their patents—and hold the other company guilty of infringement. This practice is called "venue shopping," and Arthur M. Smith, Associate Judge of the U.S. Court of Customs and Patent Appeals, told members of the American Bar Association how it works.

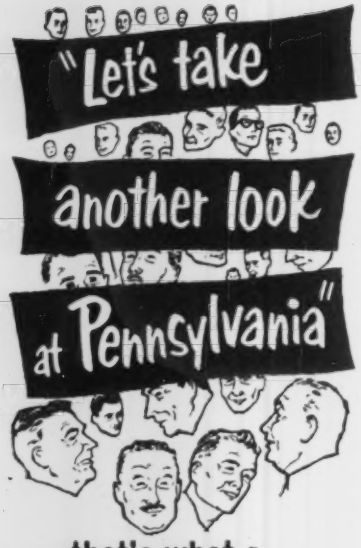
What is behind venue shopping? Your attorney may have told you that your patent is not all it's cracked up to be, which is frequently true. In fact, it's only too true that a patent is often the first leg on an arduous journey through the courts.

Why should it be that way? Based on its extensive files of inventions, the patent office may decide that what you submitted is invention, and that no one thought of it before you did. A patent is issued, and this should be enough. But assert the patent against an infringer, and his hard-working

» *No idle words, "quality controlled" on a label must mean just that.*

» *What can a company doctor disclose, and to whom? A new court ruling lays it on the line.*

» *If you're thinking of writing your memoirs, heed Admiral Rickover's experience with the copyright law.*



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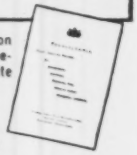

Pennsylvania Department of Commerce
South Office Building
1041 State St., Harrisburg, Pa.
Phone CEdar 4-2912

and imaginative patent counsel will make the patent office files of prior art look like a kid's stamp collection by the time he finishes his research. He'll find a dozen reasons why your patent is not infringed. With a jaundiced eye on lawsuit records, he'll advise the infringer not to capitulate—at least not without a fight.

The aggressive patent attorney is pretty much aware of the statistics that Judge Smith unfolded for the ABA: On the average, only 21.3 per cent of the patents coming before the ten Federal Circuit Courts were held to be valid and infringed. And you have to couple to these gloomy statistics the expense and time of patent litigation, which with appeals may take years.

Now comes the venue shopping. Judge Smith pointed out that during the years 1948-1957, the Fifth Circuit Court of Appeals upheld almost 43 per cent of the patents that came before it, while the Second Circuit upheld less than 5 per cent. So a wised-up infringer will sue for a declaratory judgment (the court is asked to declare whether the patent is valid, and if it is so, whether it is infringed) in the circuit which is hardest on patents. Equally knowledgeable owners, however, may sue first and accuse later in a circuit where patents are given friendlier handling.

Where does this leave patent owners?

Unless you are awfully certain about the strength of your patent, don't assert it. If you are willing to assume the expense and effort of litigation, consider: Shall I sue first and select the jurisdiction most favorable to patents—or shall I write a nice letter asking the infringer to cease and desist, running the risk that he'll select the forum for the patent fight?

Consider, too, taking a half a loaf instead of the whole. Rather than put the infringer out of business, you may be able to license him at a reasonable royalty rate and acquire dollars to plough back into additional research and more patents.

Where There's Fire

With a litigation-conscious public, it's not enough to cover your stock and fixtures with fire insurance. Even should your insurance be adequate to pay off every nickel of loss, you can still suffer if your public liability policy isn't broad enough and large

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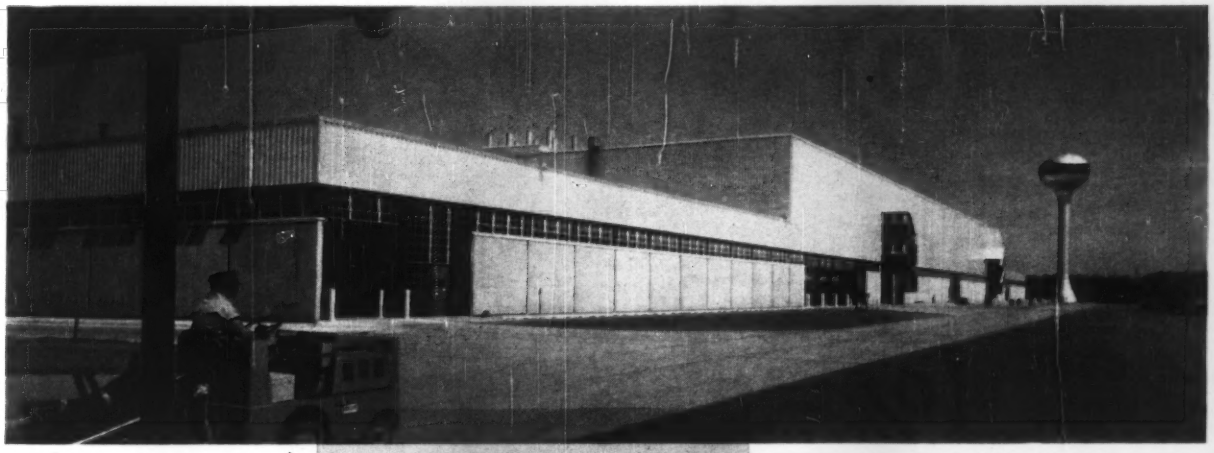


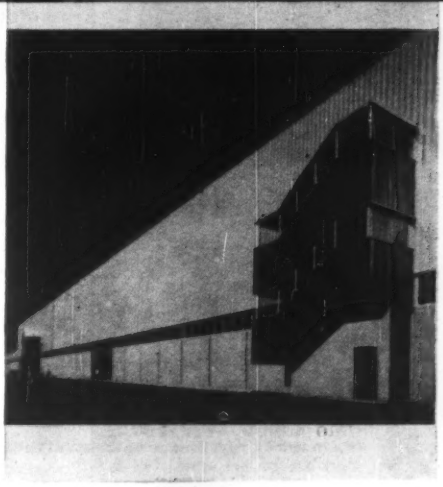
CASE IN POINT:

One of FACTORY'S award-winning Top Plants of 1960—Chrysler Corp.'s new assembly plant at Fenton, Mo. Mahon Curtain Wall of bright aluminum gives a glistening finish to the giant facility.

For contrast, black baked-enamel Curtain Wall from Mahon, was used by Chrysler for exterior stair wells.

Architects and engineers: Albert Kahn, Inc.

General Contractor: H. D. Tousley Co., Inc.



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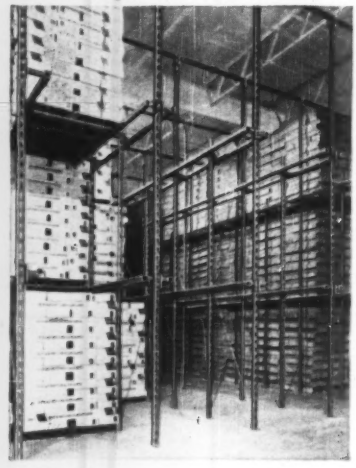
for all types of merchandise—whether light packages or heavy metal products.

American Open-End drive-in type racks

make aisle space storage space . . . ideal for bulk storage.



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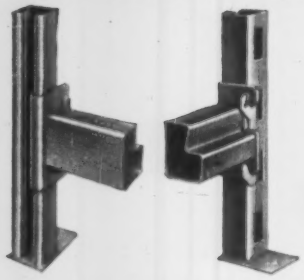
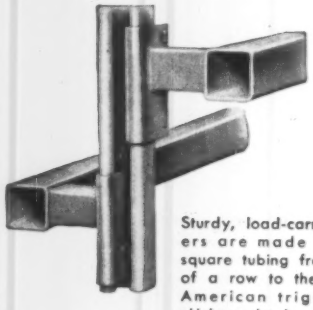


Smooth line construction of aisle side of post and stringer eliminates hazardous protrusions. Note rigid connection when stringer is "locked" to post.



Sturdy, load-carrying stringers are made of rugged square tubing from one end of a row to the other. The American trigger-quick, slide-n-lock method of assembly saves time and money.

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enough to cover negligence in maintaining your premises in tip-top shape —whether you own or rent them.

Of late, there has been a rash of lawsuits brought by firemen injured in fighting fires. The basis for such suits is the negligence of the plant, office, or loft operator in not maintaining the property properly, or in not following to the letter local regulations relating, for example, to storing waste and rags, keeping the proper number of fire extinguishers, and so on. An Illinois court just ruled that a Chicago fireman who was hurt while fighting a hotel fire may sue both the landlord and the operator for negligent maintenance and for not following city ordinances. So, check your insurance —but also check your housekeeping habits.

Eating Pension Pie

Pension plan administrators operate with one big fear: If they allow someone to take out his contributions to a pension plan and still remain on the payroll, there may be a mad run on the pension bank by employees yielding to the immediate temptation of a new compact car, a color television set, or a shiny new kitchen range. And then, come retirement time, those who have withdrawn their contributions will have little or no pension. If this happens, the company will be criticized or, to avoid this, it will dig into its corporate pocket for a special pension for the improvident retiree.

Yet some employers will permit withdrawals of employee contributions prior to retirement, and one company went so far as to make it an official part of its plan. Employees could withdraw their contributions, plus interest, at any time.

A question arose, however: Would a provision of this kind disqualify the pension plan under Section 401 (a) of the Internal Revenue Code, and cause the company to lose the favorable tax treatment accorded pension contributions of employers and the earnings of pension trusts?

An IRS ruling said no—but the answer would be yes if the employee were allowed to withdraw his contributions, plus an amount in lieu of simple compound interest: for example, if he were allowed to withdraw his contributions plus a percentage of the employer's contributions graduated for years of service (as one company suggested). END

ORIGINALITY AT BARBER-COLMAN

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Barber-Colman's automatic spooler represented one of the major break-throughs in the building of automatic textile machinery. The usual type of this remarkable 100-ft long machine in one minute winds 1200 yards of yarn on each of 378 spools simultaneously. During the same 60 seconds, it ties 90 perfect weaver's knots, cleans the yarn, and eliminates imperfections.

Today, these machines are in use in progressive mills throughout the world, supplying highest quality yarns to their textile weaving machinery. They have practically eliminated the human element by reducing the work of the operator to replacing empty bobbins and removing full spools. . . . another example of how Barber-Colman originality benefits the businesses it serves.

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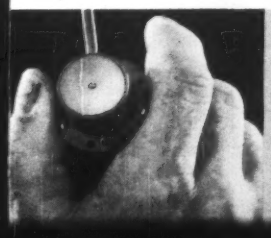

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Inside Industry

- *Electrical industry turns to materials producing.*
- *The craze for the "compact" hits U. S. manufacturing.*
- *Simultaneous but separate research produces a versatile new electronic device.*

New Source of Materials

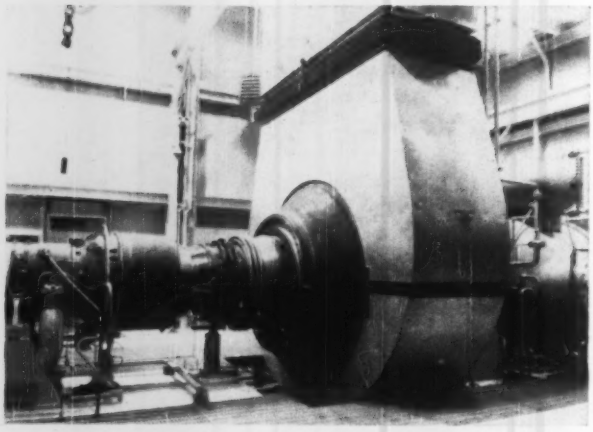
Research leaders' talks at the recent annual National Electrical Manufacturers Association meeting in New York indicate that the electrical industry has become one of the nation's seminal sources of new materials. In many instances, materials researchers in the laboratories of the industry are far ahead of their counterparts in the ceramics, metals, and glass industries, and are beating them at their own game.

Yet Dr. Seymour W. Herwald, Westinghouse's vice president for research and development, says that the materials producers can't be held to blame for failing to meet the electrical industry's very special low-volume materials needs. They are geared up to produce only in tons, not pounds. For example, the electrical industry has had to develop its own high-strength, temperature- and corrosion-resistant steels for steam turbine blades because the steel industry couldn't make a profit on the few hundred tons needed each year.

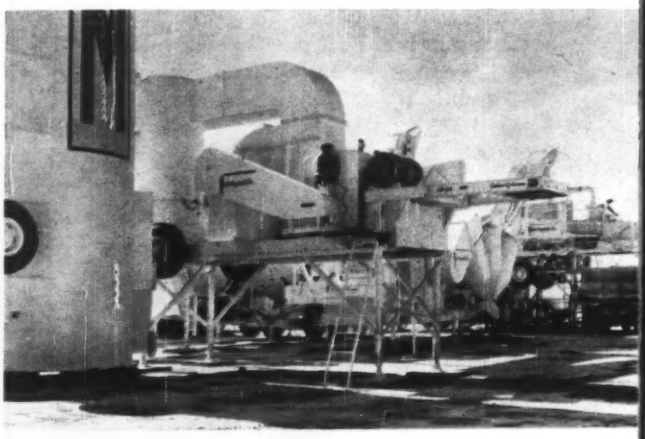
Similarly, the electrical industry is now developing all the unusual materials needed in the new systems for direct production of electricity—fuel cells, thermoelectricity, thermionics, and magnetohydrodynamics.

Glass is another material in which the electrical industry's researchers are abreast or possibly ahead of the "mother" industry's researchers. Dr. Walter R. Hibbard, Jr., manager of metallurgy and ceramics research at General Electric's Research Laboratory, reveals that his men have developed glass rods with a tensile strength of 1 million pounds per square inch, well over twice as strong as the newest steels. The rods, which are about as thick as pencil leads, are also quite flexible.

All of the materials research carried on in the laboratories of the electrical industry represents a threat to the materials producers. When these researchers invent an unusual mate-



COST-CUTTER: *This is the first industrial application of an aircraft jet engine—pumping natural gas at a compressor station of the Columbia Gulf Transmission Company. Utilizing the Pratt & Whitney J-57, (left), the Cooper-Bessemer Corp. has built a pumping station that is much lower in cost, weight, and size per installed hp than conventional ground gas turbines. In addition, removal of the turbine for overhaul is a matter of hours instead of weeks.*



PORTABLE FACTORY: *This highly mechanized asphalt manufacturing plant can be dismantled and moved in a matter of hours. It took the Barber-Greene Company, Aurora, Ill., three years to design and build it in collaboration with the owners, the Mobil Asphalt Company of Fort Lauderdale, Fla. The 250-ton system includes sleeping quarters for crew members, a machine shop and a two-way radio system, in addition to its own power generators.*

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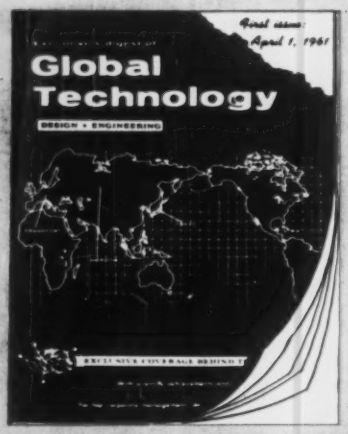

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COOL APPROACH: *One of the inventors, Ivar Giaever, is holding a General Electric laboratory version of a new electronic device in his fingers. This aluminum-lead sandwich has unusual properties near absolute zero that have great potential application in computers.*

rial, management is inevitably intrigued and thinks about production beyond the needs of the company, or even the electrical industry—which may, in fact, soon become a primary materials producer. This has already happened in the case of the General Electric Company, which has gone into the plastics business with its Lexan, a tough polycarbonate that can be cold-rolled like metal.

The "Compact" Spreads

Apparently stimulated by the success of the "compact" car, manufacturers in other industries are emphasizing compactness in their products. For example, one appliance manufacturer has come out with a "compact" washer-dryer. RCA-Whirlpool claims that its new 1961 model occupies 100 square inches less floor space than its 1960 counterpart, yet handles the same load of laundry. Glass container makers now refer to the new "squat," short-necked, one-use beer bottle as their "compact" model.

The auto industry, in the meanwhile, is following up its market success in compact cars by introducing lines of compact trucks, stimulated by the success of European small light trucks in this country. Already, one manufacturer of industrial trucks is advertising a compact fork-lift model.

Undoubtedly other lines of goods will fall in with the compact trend. Appliances are a good bet, but other household goods offer possibilities, too.

With but a Single Thought

In one of those coincidences so common in modern technology, researchers in two different organizations have invented the same device, apparently at the same time and without knowledge of each other's endeavors.

"Tunneltron" is the name given the new laboratory device by Dr. James Nicol, Dr. Sidney Shapiro, and Paul H. Smith of Arthur D. Little, Inc. Ivar Giaever of the General Electric Research Laboratory has not named his device, but simply refers to it as a "superconducting, thin-film tunneling effect."

The effect is achieved in a specially made "sandwich" of aluminum and lead with an extremely thin insulating layer, about one-millionth of an inch thick, between them (see photo). When the combination is cooled to near absolute zero, it exhibits a sudden, controllable passage of current between the two metals that makes the device a high-speed switch capable of serving as a "memory" unit.

Other uses envisaged for the effect are in high-frequency oscillators, low-noise amplifiers, and as a resistor or capacitor. Because it can perform so many functions, and because it can be made out of extremely thin layers of metals and insulators, the tunneltron is particularly suitable for miniaturization.

Although both ADL and GE have worked with the same metals—aluminum and lead—Giaever believes that other superconducting metals, such as tin, could be used. The new effect will also help scientists gain a better understanding of superconductivity, the mysterious disappearance of electrical resistance in certain metals at temperatures close to absolute zero.

The tunneling effect in the tunneltron is related to the tunneling effect in another comparatively new electronic device, the tunnel diode (see DUN'S REVIEW, September, 1959, page 157, and December, 1959, page 79). The latter, however, depends for its valuable property on the semiconductor nature of the materials used to

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make it, and not on the temperature of operation—the tunnel diode operates at room temperature and is not affected by temperatures up to a few hundred degrees.

Considering the startling rapidity with which the tunnel diode went into commercial production after its invention, it is not too surprising that some problems have arisen. Westinghouse researchers have dropped experiments to utilize tunnel diodes in a computer system, and other electronic engineers have complained about unreliability and deterioration.

Questioned by a DUN'S REVIEW editor, Dr. Guy Suits, director of research for GE, likened the situation to the early days of transistor production, when—after about a year—the manufacturers of transistors ran into a severe reliability problem that caused widespread disenchantment with the new devices. But the problems were soon solved, and today the industry is selling over a half-billion dollars' worth a year.

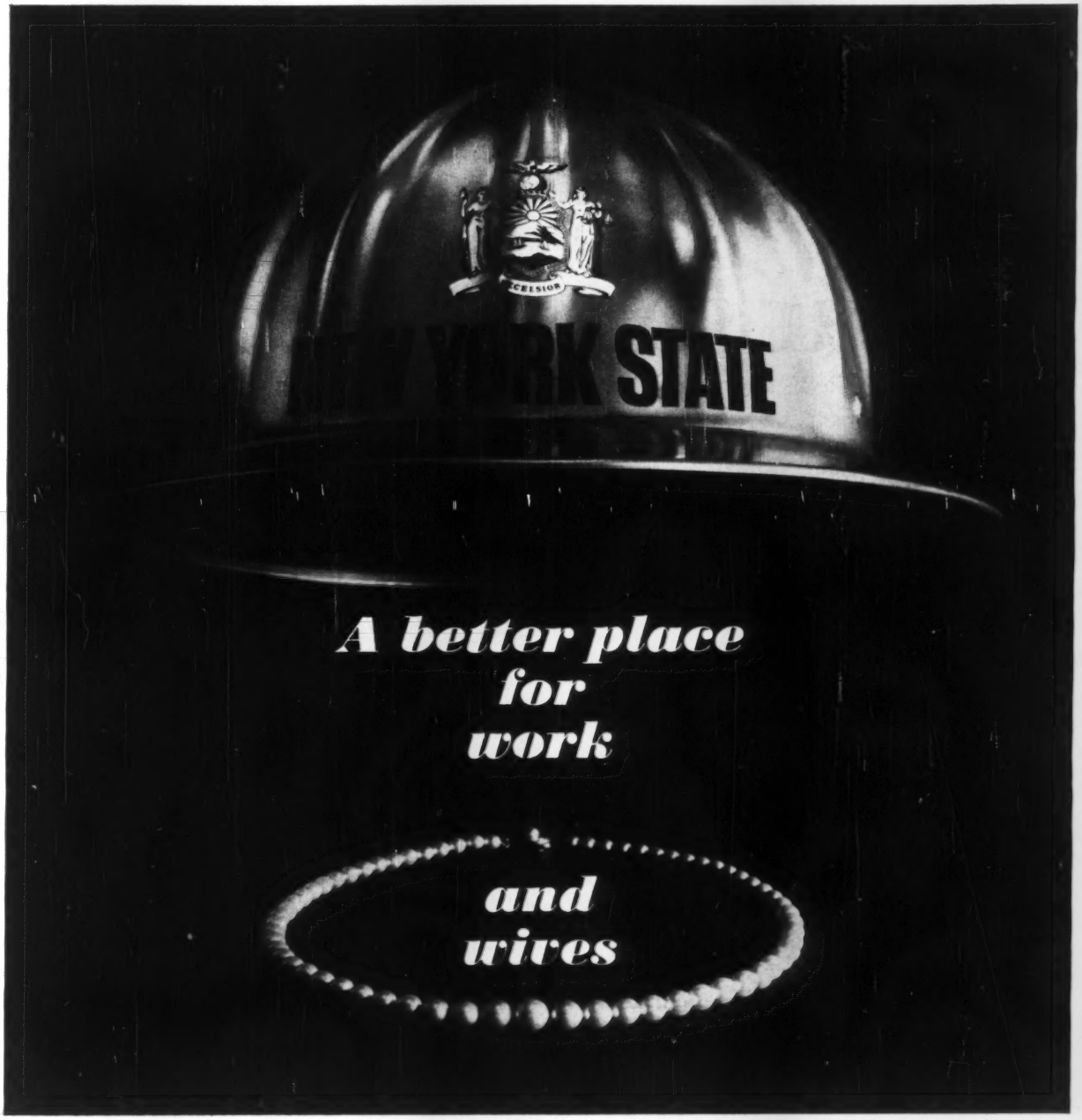
Confirming this optimistic view, IBM has announced the development of a new production technique called "servo-etching" for making superior tunnel diodes.

Plastic Production Method

A recently introduced production technique for making large plastic vessels and containers is gaining new adherents, according to Carl F. Freedman, executive vice president, American Agile Corp., Cleveland, Ohio. Trademarked "Thermofusion," the technique involves forming powdered polyethylene in metal molds by controlled heating in special ovens. Cylindrical tanks up to 450 gallons in capacity and rectangular tanks with capacities over 600 gallons can be made with this new process, which was developed in Europe.

Power Tool Guidebook

The Ingersoll-Rand Company has prepared a detailed guide book that aids management in planning new purchases of portable power tools, widely used in industry for drilling, screw-driving, nut-running, grinding, and similar low-precision tasks. Based on actual field experience, the guidebook tells when it is profitable to replace an older tool. It is available from Ingersoll-Rand, 11 Broadway, New York 4, N.Y. —M. M.



While the program of Governor Rockefeller and his "hard-hat" administration has created the nation's most rewarding climate for businessmen in New York State, the women at home haven't been forgotten, either. New homes, schools, shopping centers and recreational facilities have sprung up so fast that New York State's *living* climate is second to none. Cities, suburbs and rural areas alike are undergoing vast modernization treatments . . . while the state's natural beauties, historical sites, ocean beaches and upstate mountains and lakes are unequaled in the variety of pleasures they offer. And when it comes to fashion, culture and entertainment, New York State has no rivals . . . not only on Fifth Avenue, and in the theatres, concert halls and supper clubs of New York City . . . but in thriving communities all over the state.

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Managing Your Manpower

LAWRENCE STESSIN

Management's new burden: The employee debt load
Automation shapes up as major union worry
Do flustered executives make sound decisions?

EVERY YEAR a quarter of a million workers sign on a dotted line and thereby get themselves into a peck of financial trouble. They are "the garnisheed," unshining examples of money mismanagement. They are, in part, the gullible who can't say "no" to a bargain and are snaggled into overbuying by the lure of "easy" credit terms. They are also—and increasingly so—the victims of sidewalk schemers and sharpies who do business outside the plant gate or the company parking lot.

Garnishment is a rising problem for management. "The company is getting so many garnishees that the time is imminent when it may not be able to handle them," Olin Mathieson Chemical Corp. confessed to its supervisors recently, in announcing a tightening of its policies involving debt-ridden employees. At Inland Steel, the personnel department created a new job—"garnishment administrator"—to handle the flood of wage assignments. At its Indiana Harbor Works there were, last year, a total of 40,000 payroll deductions — totaling $600,000 — to satisfy the demands of creditors. Two hundred and fifty employees went into personal bankruptcy.

The burden of processing wage assignments is not insignificant. A study of garnishee costs made by the Long Island Railroad estimates that, for every $100 of indebtedness, the company spends $20 to process the collection. This year it fears there will be four times as many garnishments as there were four years ago.

Employer policies to deal with the mounting garnishee problem are taking several directions. For the chronic repeater who keeps getting into financial hot water, there is little that management feels it can do but sever him from the payroll. A study by the Dartnell Personnel Administration Service (Chicago) indicates that a majority of companies give the "sack" to the worker who becomes a three-time debtor.

"After three garnishees, we figure the person won't try to correct his problem and must be released," says one personnel director. Management's real dilemma is how to help the employee who is not a deadbeat, but a "fall guy" for the back-alley gypster. The files of personnel departments around the country bulge with examples of employees who have had their wages garnisheed because they bought things without even knowing it. The case of Moose Burke is not atypical. As reported by the Cleveland Better Business Bureau, Burke was a steel plant employee who was proud of the fact that he'd never had an unpaid debt in his entire life.

"His problem began one day when he was waiting for a bus in front of the plant. Someone in the crowd showed him a ring that looked attractive and asked him if he'd like to buy it for his wife. 'Just give me $10,' the salesman said, 'and you can take it home and show it to the little woman. If she doesn't like it, let me know tomorrow and I'll give you your $10 back.'

"Moose scribbled his name on a 'receipt,' but Mrs. Burke didn't like the ring—and he couldn't find the

Rundown on the Credit Union

Credit unions have become the chief tool for helping employees clear up their debts. Last year, membership jumped to 11,302,866. (There are 19,825 credit unions in industry—all run by employees.)

Credit unions serve three purposes: (1) to provide low-cost loans; (2) to counsel members on financial planning; (3) to encourage them to get into the habit of saving every week. Employer cooperation is widespread. Recently the Ford Motor Company agreed to permit its employees to authorize payroll deductions to credit unions for either savings or loan repayments.

Savings in credit unions now total $4,382,470,759, and loans to people in industry are at a record $3,699,276,427. Most credit unions pay a 4 per cent dividend rate on savings, and some go as high as 4.5 per cent.

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salesman the next day. A few weeks later his pay was garnisheed for $300."

What Moose had signed is, in the hands of a sharp operator, one of the world's deadliest documents—a cognovit note, which authorizes "any attorney at law to appear in any court of record in the United States and waive the issuing and service of process and confess a judgment against you."

In such a situation, most managements do not shrug their corporate shoulders. They offer the services of the company attorney.

Some companies have begun an active "protection program" to deal with selling racketeers. At Consolidated Laundries, Inc. in New York City, there is a stringent policy which forbids vendors from entering the plant or operating on its property. Security guards have been alerted to shoo away sidewalk merchants, and a campaign has been launched to warn employees against shoddy selling practices.

Even if such all-out attacks succeeded, there would still remain the problem of the employee who suffers from low sales resistance and buys more than his pocketbook can handle. Credit and installment buying, now running at a rate of $58 billion a year, has become a national habit. Using the "hard sell" technique, merchants are encouraging buying sprees by ads like this one which appears daily in a big-city newspaper:

"Do not bring any money
Do not bring any co-signers
Do not own any property
Just have a steady job."

There are men in management who take umbrage at these assaults on the employee's income and feel that the seller should take the consequences when a customer who has been high-pressured fails to ante up his payments.

Says Edwin H. Olmstead, president of the Eaton-Dikeman Company (Mount Holly Springs, Pa.), in a letter to the "Employee Relations Bulletin," a management service:

"Is there any excuse for a merchant to take on a poor credit risk? Shouldn't the merchant, whose whole sales strategy seems to be to stress the ease with which payments can be met, have to take some of the risk for overselling? Why should a company management have to bail out the loan shark who plays upon the gullible?"

Olmstead's suggestion supplements a study of the garnishee problem made by the Labor and Industrial Relations Center of Michigan State University. Its report recommends a series of changes in state laws:

"1. Wage assignments should be outlawed, or the employee should be able to cancel them at will. At the very least, wage assignments signed in connection with installment purchases should be declared non-enforceable.

"2. Collection costs in wage garnishments should be paid by the creditor. At present, creditor's costs are borne by the debtor, and the court expenses by the public.

"3. Garnishment of wages should be limited to debts for medical care, food, and rent."

The report concludes: "The recommended changes would make it less attractive to use employers as collection agencies for debts. Legitimate and ethical business men can have no objection to these changes; the entire business climate will be improved if the shady operators are eliminated or forced to reform."

Automation to the Fore

Automation has moved in as a top concern of the labor unions. Practically every labor convention scheduled this year will hear special reports on the impact of automated machinery on manpower and personnel administration. A check of union committees working on the automation problem reveals that a uniform collective bargaining pattern will emerge from their recommendations. The demands will closely parallel the package already adopted by the International Association of Machinists. They include:

- Advance notice and consultation whenever employers plan major changes
- The right to transfer not only to other jobs within a plant but to jobs in other plants as well—with adequate moving allowances (covering, among other things, necessary living expenses and losses resulting from the sale of homes)
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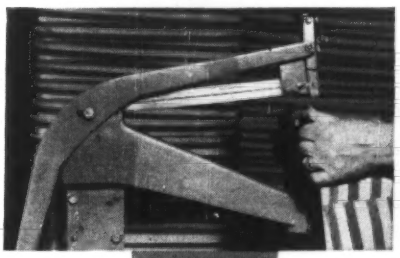

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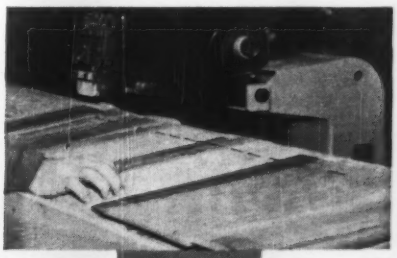

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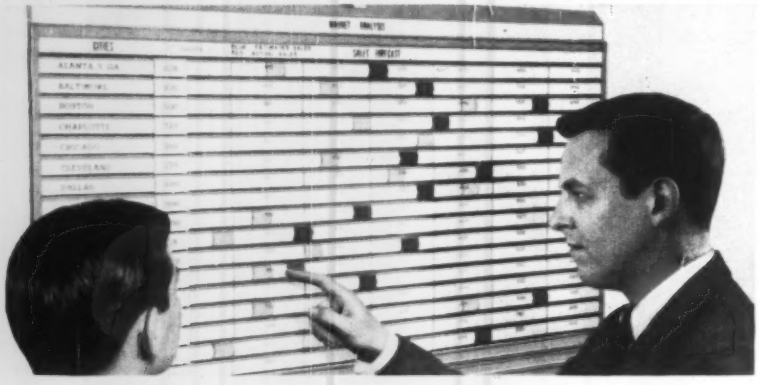

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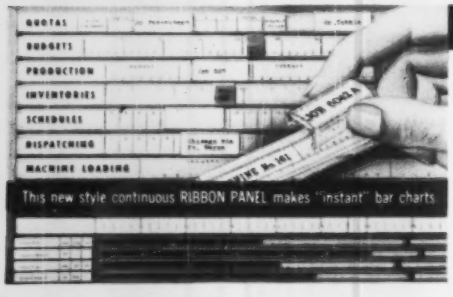

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Meanwhile, the next session of Congress is expected to get into the automation debate. Senator Javits (R., N.Y.) is expected to reintroduce his bill (S. 3121), which would authorize the formation of labor-management productivity councils in plants and communities. The bill provides for the Government to get into the picture through a "Federal Bureau of Productivity Councils," which would encourage labor and management to effect a smooth transition to automated production. Thus far, management's lack of glee over the Javits bill is matched by AFL-CIO President Meany's coolness.

"Lonely crowd" postscript: Some British unions already have asked for "lonesome pay" for workers handling automated machinery.

Cool, Calm, Uncollected

The white-haired boy of management —the man who can solve a problem without getting excited—may be a poor executive. At least, that is the conclusion of psychologist Dr. Sidney J. Blatt of the Michael Reese Medical Research Institute, Chicago. In a series of experiments, Dr. Blatt found that "less efficient decision-makers showed little or no agitation from start to finish of a test problem." The more effective problem-solvers came up with such physical symptoms as increased pulse beat, faster breathing rate, and perspiration on brow. The "cool, calm, and collected," when solving a problem, seem to repeat themselves and ask more unnecessary questions than those who appear to be more agitated and unsettled. END

Monthly columnist and DUN'S REVIEW contributing editor, Lawrence Stessin is also Professor of Management at Hofstra College and author of *Employee Discipline*—as well as of numerous articles for other national publications. He formerly served as vice-president of the National Foremen's Institute.

Fire Prevention

Time Clock Supervision

Extra skills make Burns guards worth more

First Aid

Keep Daily Log

...and yet Burns guards cost you 20% less!

A guard force has to do more than just careful patrolling—especially for today's multimillion dollar industries.

That's why all Burns Guards are thoroughly trained in such essential security measures as first aid, fire prevention, apprehension of intruders, prevention of crime, keeping an accurate log, supervising time clocks, directing parking lot traffic . . . as well as the basic patrolling duties.

And yet, with all this training, Burns Guards cost you less—upwards of 20% less than your present guard force payroll!

The reason: With Burns Security Service, you don't pay for such costly guard necessities as uniforms, sidearms, overtime, social security, insurance costs or other fringe benefits. Burns pays for all of this—and provides you with 'round-the-clock supervision, too!

Let us prove we give you better plant protection – and help you save, too! Write, wire or phone to have a Burns Security Specialist see you. No obligation. Meanwhile, send for our fact-filled brochure, "It takes more than fences."

Burns is the world's largest SECURITY BURNS SERVICES *industrial security organization*

THE WILLIAM J. BURNS INTERNATIONAL DETECTIVE AGENCY, INC. • EXECUTIVE OFFICES: 101 PARK AVENUE, NEW YORK 17, NEW YORK

Two cartons . . . or ten thousand:

It's time you too cut shipment marking costs the high-speed, simple Weber way

"TOUCH STENCILING"

No more stencilboards! No more brush or roller! No repeat preparation of individual labels! Using the lightweight Weber Handprinter, one man "touch stencils" 60 cartons a minute, legibly, no mistakes. Key to this cost-cutting procedure is the simple, thrifty Weber stencil, which can be made up in seconds in shipping room or office. Lasts for 3,000 impressions or more. Is discarded when job is done. No filing, no storage problems!

A cosmetics manufacturer speeds shipment of 10,000 cartons a day with the help of Weber handprinters. A dinnerware manufacturer, with multiple orders ranging from two to 2,300 cartons, has streamlined his complex addressing problem with the Weber "Touch-Stenciling" direct-to-carton label system.

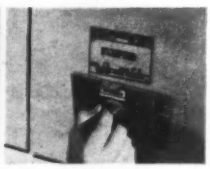
An electrical manufacturer marks 20,000 different items faster, more efficiently by typing Weber stencils simultaneously with orders, for use with a Weber Label Printing Machine.

Manufacturers of all kinds are improving their profit-structure by reducing multiple marking costs with an integrated Weber system. Thirty percent, forty percent savings in time are common, with corresponding savings in work, confusion and money. Mail the coupon!

THE VERSATILE WEBER STENCIL:

Can be typed or handwritten with stylus or ball-point pen

Can be prepared together with regular office paper work



Prints facsimile-labels direct to carton

Prints labels on the spot as needed, with Weber Label Printing Machine

Weber

MARKING SYSTEMS

Sales and Service in all principal cities

WEBER MARKING SYSTEMS, INC.
Dept. 30-A
Weber Industrial Park
Mount Prospect, Illinois

Send me your new bulletin on "49 MARKING JOBS DONE FASTER, EASIER"

Company _____

Individual _____

Position _____

Address _____

City _____ Zone _____ State _____

International Markets

ALEXANDER O. STANLEY

THE 1961 Balance of Payments Forecast Group is recasting statistical projections and examining major trends in major markets. Appointed by the National Foreign Trade Council Inc. (NFTC), the largest trade association of its kind in the U.S., the group will soon publish *Forecast 1961,* a detailed rundown of predictions for U.S. international trade, aid, travel, and investments. The foreign trade forecast will also cover transportation and the transfer of service fees, as well as the variety of remittances, in and out, that make up the arithmetic of our international balance sheet.

A broad suggestion of what the Forecast Group will predict came across at NFTC's 47th annual convention, where 2,000 delegates from U. S. business and banks, service and Government organizations, swapped opinions. Here, based on statements a cross-section of the delegates made at forums and in informal interviews, are the outlines of what's ahead for U. S. international business this year:

1961 exports will break through to a record high of $21.5 billion, up 8 per cent over the estimated tally for 1960 of $19.7 billion. In the light of the 20 per cent export gain last year, this appears a conservative appraisal, but even the most daring forecasters expect some backing and filling in the export outflow. They point to the fact that the 1960 export rebound centered in cotton, riding out on Government subsidies, and aircraft and metals, riding on an expanded demand in expanding markets at a pace outstripping overseas production facilities.

1961 imports are expected to hover at the $15.5 billion level, up a scant 3 per cent from the $15 billion anticipated for 1960. Incidentally, for all the import scare, traditional patterns continue, with some 30 commodities accounting for 70 per cent of the goods we import.

1961 balance of trade should show a $6 billion surplus, as against the $4.7 billion 1960 surplus. This healthy trade "profit," if attained, will ease the Treasury Department's fretting over the dismal balance-of-payments picture and stiffen the defense of the dollar. Other encouraging signs: the recent Administration moves to lop $1 billion from the Pentagon's overseas personnel expenditures, and West Germany's preliminary commitment to pick up $1 billion of the tab for aid to the underdeveloped areas.

There are some qualifications in NFTC members' forecasts. They predict a bright 1961:

—if the boom in Europe persists (it has lately shown some signs of leveling off)

—if the U.S. business downturn does not dip to a point where it pulls down European imports as a reflex to a cutback in imports on our part

—if the accelerated scaling-down of EEC's internal tariff structure doesn't pinch off too many U.S.-made product lines (now a potential problem with the new Latin American Free Trade Area and the Central American market combine, as well)

—if the trade lag in Latin America is not aggravated by Castro's political polemics, and if Communist economic excursions into this area can be contained

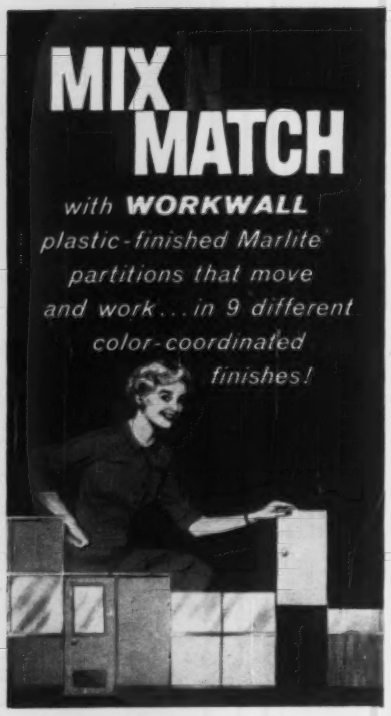
—if the euphoria of independence on the African scene can be diverted into pragmatic rather than political channels, to bring some balance into the daily lives of the emerging republics, with the emphasis on viability, not violence

—if the National Export Expansion Program is retained by incoming Secretary of Commerce Hodges

—if the export risk to small business is reduced by some broad and effective form of Government-supported insurance program that will provide reasonable guarantees against credit, as well as political, delinquencies. This would not only expand the working capital base of the small business exporter but also improve his competitive posture as it relates to countries that do provide export credit insurance, by private or public means, to their own exporting companies.

No one expert attaches all—or even a majority—of these qualifications to his predictions, and there is considerable dissension as to which should be given the most weight. But

- ✓ *1961 forecasts: record exports, slightly higher imports, and a $6 billion trade-balance surplus*
- ✓ *OECD aims at increased prosperity in Europe and North America, improved aid for developing areas*
- ✓ *The Euro-dollar becomes a new medium of exchange*
- ✓ *Russians try the hard, "non-profit" sell*

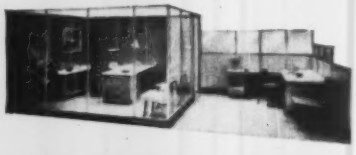


It's the latest, greatest achievement in movable partitions! Comes in 5 woodgrain finishes and 4 pastel colors of stain-resistant, easy-to-care-for plastic-finished Marlite that you mix 'n match to your heart's content.

And Workwall is economical! Its one, exclusive patented system accommodates any elevation from as low as 42-inches to as high as 12-feet.

Perfect for offices, industry, institutions, schools—wherever changing conditions require the flexibility of color-coordinated movable partitions.

Write now for our free catalog . . . and see for yourself how high-style movable partitions can be individualized at a low, low price well within your budget! Coupon below brings catalog that tells all!



WORK WALL

MOVABLE PARTITIONS AND PANELING

Division of L. A. DARLING COMPANY
Bronson, Michigan

Dealers in All Principal Cities.

WORKWALL DIVISION, Dept. 950
L. A. Darling Company, Bronson, Michigan
Please send Workwall Catalog No. 500.

Name_____

Company_____

Street_____

City_____ State_____

at least there is large agreement on the upswing in trends, for a number of good reasons. A few of them:

- The export price bugaboo is being licked in some overseas markets because local production facilities cannot keep up with local demand. This lag is expected to continue for some time.
- Vigorous campaigns emphasizing the higher quality of American goods over lower-priced local goods are beginning to take hold in at least some lines.
- Pricing schedules are being revised downward to get marketing momentum with a formula of lower unit price but larger profit volume through expanded sales.
- Some U.S. companies are shearing off freight and sometimes insurance costs on quotations to overseas outlets, returning to c.i.f. (cost, insurance, freight) terms to hold on to the old—and attract new—dealers abroad.
- Common market blocs, as well as growing prosperity, spell more customers in the long run for both made-in-USA products and the native variety.
- American product designs and product types, especially in household equipment, are being modified to suit overseas consumer needs for smaller, less expensive, more efficient equipment paced to local purchasing—and electric—power.
- The big stride made on a government-to-government level in persuading more countries to eliminate discriminatory controls on American goods is reopening traditional markets for both new and standard products.
- A stiff antitrust program, developed by the European Economic Community's Executive Commission, is up for member nations' consideration and has a good chance of being accepted. It would crack apart cartels in the Inner Six economies and enhance the free play of competition within the Common Market.
- The Buy-American policy followed by the Exim Bank and the Development Loan Fund in financing capital goods requirements overseas is saving sales abroad for U.S. companies, undercut in price by overseas competitors. There is also a campaign under consideration to encourage shipping or flying under the American flag in order to cut the dollar drain in transportation and travel. It is estimated that three-quarters of all dry cargo now moving in and out of U.S. ports is carried in foreign bottoms.

All in all, U.S. international trade starts 1961 in a stronger position, as well as in a more bracing economic atmosphere, than on many a past New Year's Day.

New Name, New Goals

It will be the OECD instead of the OEEC now that 1961 is here, and there will be a change in purpose as well as name. The old Organization for European Economic Cooperation, designed to implement and allocate Marshall Plan aid in Europe, has been expanded into a new Organization for Economic Cooperation and Development with global overtones.

The OECD charter, as now drawn up, includes the U.S. and Canada as full members, together with the member countries of the EEC and EFTA, plus Ireland, Iceland, Spain, and Turkey—twenty members in all. If the charter is ratified, this will be a new venture in economic cooperation, with a two-fold objective: to keep the industrial West prosperous and to extend this prosperity into underdeveloped areas through more effective aid.

Incidentally, if you've been having some trouble with the welter of abbreviations on the international scene, get a copy of the compact *Glossary of International Economic Organizations*, prepared by the United States Council, International Chamber of Commerce, Inc., 103 Park Ave., New York 17. It will help you to decipher such cryptics as "DAG GATT BIRD."

Expatriate Dollars

Something very like a new medium of exchange has appeared in European money markets—the Continental, or Euro-, dollar. According to the Federal Reserve's Alan R. Holmes and Fred H. Klopstock, more than $1 billion (U.S.) is floating on deposit in European branches of American, Canadian, Japanese, and other banks, attracted by the higher interest rates on time deposits and even on call-deposit money, which in the U.S. cannot now draw interest. Customers seeking loans and financing also get a break, since rates charged are below the commercial bank prime loan rate or acceptance financing costs in the U.S.

Euro-dollar funds are used mostly in financing international trade, as

Now, from Ford Dealers...
the most liberal warranty program
in the world of trucks!

A. 100,000-MILE or 24-MONTH WARRANTY ON FORD TRUCK SUPER DUTY GAS ENGINES

On 401-, 477- and 534-cu. in. V-8's

Ford Dealers will replace any major engine part (including block, heads, crankshaft, bearings, valves, pistons, rings) found to be defective in materials or workmanship, providing trucks are used in normal service. Warranty covers full cost of replacement parts for 100,000 miles or 24 months, whichever occurs first . . . full labor costs for first year or 50,000 miles, sliding percentage scale thereafter. Never before have you had such protection for long-term economy on your job!

B. 12,000-MILE or 12-MONTH WARRANTY ON **ALL** FORD TRUCKS

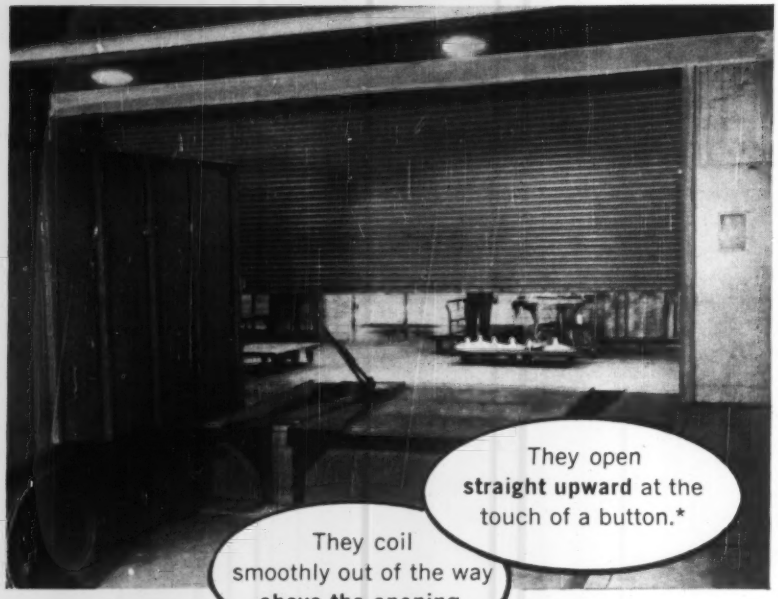
On all 1961 Ford Trucks

Each part, except tires and tubes, is now warranted by your dealer against defects in material and workmanship for 12 months or 12,000 miles, whichever comes first. The warranty does not apply, of course, to normal maintenance service or to the replacement in normal maintenance of parts such as filters, spark plugs and ignition points. Never before have you had such protection, such evidence of long-term economy! See actual copies at your Ford Dealer's now!

FORD DIVISION, *Ford Motor Company*

TWO MORE REASONS WHY

FORD TRUCKS COST LESS



They open **straight upward** at the touch of a button.*

They coil smoothly out of the way **above the opening.**

They clear the doorway **quickly** — from jamb to jamb and from floor to lintel.

They stay **out of reach** of damage by wind or vehicles.

All floor and wall areas around the doorway are **always** fully usable.

Ceiling space also remains clear, for **unimpeded** use of overhead cranes, hoists, conveyors, ductwork, lighting, or other overhead equipment.

The tough, flexible all-metal curtain assures **long** service, **low** maintenance costs, **extra** protection against fire, wind, intrusion, vandalism.

Heavy galvanizing (1.25 ounces of pure zinc per square foot of metal, ASTM Standards) adds resistance to weather, wear, and corrosion.

Kinnear Rolling Doors are built in any size. Write for information, or for recommendations on your door needs.

Kinnear Steel Rolling Doors

boost door efficiency

*—when equipped with Kinnear Motor Operators. Also available with manual lift, crank, or chain control. Kinnear's torsion-spring counter-balance assures smooth, easy door operation under all conditions.

The KINNEAR Mfg. Co.

FACTORIES:
1500-20 Fields Ave., Columbus, Ohio
1742 Yosemite Ave., San Francisco 24, Calif.
Offices and Agents in All Principal Cities

KINNEAR ROLLING DOORS
Saving Ways in Doorways

loans to New York securities dealers and brokers, or as loans to local borrowers who convert the dollar deposits into their own currency for local investment.

The attitude of the FRB is favorable, since the Euro-dollar works in favor of a flexible international market and enhances the value of American money as an international currency.

Just so long as these dollar funds remain expatriate, they also ease the drain on U.S. gold. To the American company operating overseas, they offer a new cut-rate source to tap for their short-term corporate financing needs.

Russian "Non-Profit" Sell

Khrushchev and Co. may brandish their fists at U.S. business and decry "capitalistic" methods, but they're not above lifting a U.S. technique here or copying a maneuver there to lick problems that have very "capitalistic" overtones. Latest in these defections to the U.S. system is the partial adoption of Madison Avenue advertising methods to move goods that are now gathering dust on Soviet store shelves.

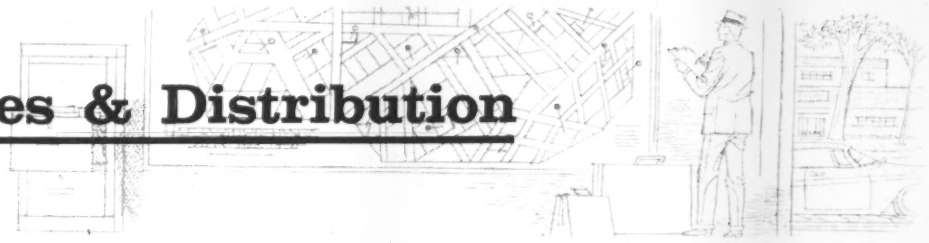
Canned foods, dresses, and expensive watches are just a few of the products on a lengthening list that, because of price or quality, the Soviet shopper regards with a jaundiced eye. Now, on movie and TV screens, counters, and in newspaper columns, state trade organizations are getting space and spot time to persuade their reluctant customers.

This advertising is "clean," the Soviets contend, since there is no profit factor.

Yet oddly enough, the plans to introduce a new "heavy" ruble, worth ten units of the present currency, as a New Year's day "present," started Soviet citizens on a frenzied rush to convert rubles into gems, jewelry, and foreign currency in order to escape painfully embarrassing inquiry on how they were able to amass such hoards of money in this "profitless" state.

With the price of the heavy ruble "pegged"—by the Soviets, of course—at the U.S. dollar rate of $1.11, and with 10 old rubles worth superficially and artificially $2.50, it would appear that the citizen of the Soviet state is not indifferent to the arithmetic of profit. END

Sales & Distribution



IMITATION is more than the sincerest form of flattery. It is now turning out to be one of the quickest ways to make fast inroads in a new market. As crowded supermarket shelves show, an "original"—such as a liquid detergent or shoe polish in an aerosol container—is soon followed by a pack of me-too products, all claiming to be "better," "improved," or "a new discovery." Just as a sparrow with a breadcrust is quickly encircled by other birds, the first-of-its-kind item will soon be surrounded by similar products.

A recent DUN & BRADSTREET survey of 760 manufacturers reveals that nearly one-third of them consider new products their greatest single profit opportunity for the foreseeable future. Most marketing experts look for more intense competition in the 1960's to bring a rate of new product introduction even higher than that of the last decade, which was one of remarkable innovation in many markets —70 per cent of the sales volume of Procter & Gamble, for instance, now comes from products developed since the end of World War II.

Since a new product's chance of survival is only about one in ten, companies are faced increasingly with the problem of deciding whether to break new ground or to cut expenses by not moving in until the dust has settled.

Market experts estimate that the failure rate for products that get to the market first may be somewhat higher than that for imitations—witness the first ballpoint pens, for instance.

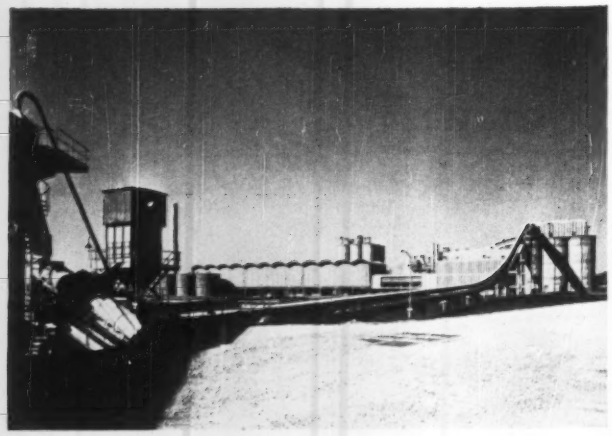
The non-innovators do well for a variety of reasons. They can avoid the packaging, distribution, or advertising mistakes that the leader sometimes makes in the rush to be first. Latecomers also have a clear target for their price-cutting efforts. This factor, plus the ability to spend heavily for promoting the imitation, can be particularly strong levers for giant companies.

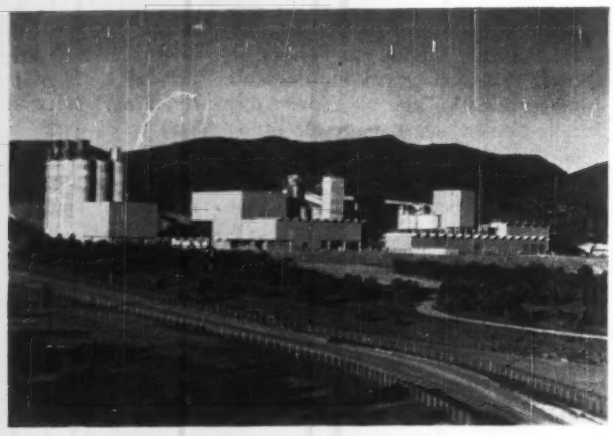
A new, detailed study by A. C. Nielsen Company casts a spotlight on the problems encountered by companies that originate new products in today's market. After comparing sales volumes, relative market positions, promotion expenditures, and other information on five representative first-on-the-market prewar products with five comparable products introduced in recent years, the market research company concludes that today the innovator seems to be in a much weaker position. He faces both imitation and hard pressure for new markets to a much greater degree than two decades ago, but rewards can be considerable, particularly if the head start can be maintained.

Here are some of the highlights of the study:

- All five of the once-novel prewar products still lead their fields, with a larger market share than any imitator.
- Although four of the five postwar products are still out front in their markets, two are likely to lose their leads in the next year or two, and the other two face strong threats from other brands. The product that no longer leads in its market was introduced in the late 1940's. Its market share plummeted from 62 per cent in 1952 to 19 per cent in the latest tabulation. Meanwhile, a late-coming manufacturer of a similar product jumped into market dominance with a share of 42 per cent.
- The latest market shares of the prewar products—one was introduced as early as 1934—range from 29.6 to 87.6 per cent, with the median market share at 44.1 per cent. The market shares of the postwar products range from 19.0 to 47.9, with a median of 39.6. All of the postwar products have lost at least 50 per cent of their markets, which, of course, was 100 per cent before competition came.
- A declining market share doesn't necessarily spell failure for a product, since other manufacturers who decide to enter a particular market almost always pour money into advertising and sales promotion, thus expanding total demand. Consequently, a smaller share of a much larger market usually results in higher total sales for the innovator.
- Consumers are apparently more fickle today than in the prewar period. Although the growth rate of new products may be much more rapid in today's market, the decline is equally steep. Prewar products grew more slowly to maturity (the high point in market penetration after the initial drop that followed the appearance of similar products). Three of the prewar products now have smaller market shares than at the point of maturity—but this must be contrasted with four of the postwar products.
- Advertising expenditures tend to be reflected in sales growth. An increase in the share of advertising expenditures for a product (related to

- *Does it pay to follow the leader when products are involved?*
- *Stockholders in the dark about what their companies sell.*





AT IDEAL CEMENT COMPANY
Architectural Concrete Blends Beauty and Function in Plant Design

These architecturally beautiful concrete buildings are Ideal Cement plants. Their gracefully sculptured lines, despite their huge size, are a tribute to the imaginative design and artistic use of concrete. The plants produce Ideal Cement, one of the major ingredients for the concrete out of which they are made.

Beauty in appearance in these plants is matched by the efficiency, cleanliness, and engineering soundness with which they produce cement. It is this wedding of beauty and function which has made them showplace plants in the cement industry for the entire world.

IDEAL CEMENT COMPANY
DENVER, COLORADO
Listed on
The New York and Pacific Coast Stock Exchanges
SERVING SOME OF THE MOST RAPIDLY GROWING MARKETS IN THE UNITED STATES

PORTLAND IDEAL CEMENT

IN A FLASH: *The marketing of photographic products will be changed considerably if this machine, recently installed in Miami, proves popular. It is the first to vend film and flashbulbs. Produced by Diversified Automated Sales Corp., Nashville, Tenn., the machine sells fifteen different products, takes any currency combination up to $5, and even accepts exposed film for processing.*

the total of such spending by all manufacturers for the products in the same category) usually brings a rise in its market share. It took sizable, continuing advertising budgets to keep the prewar products in their dominant market positions.

When a new product has patent protection or fits in snugly with other items in a company's product line, management sensibly pulls out all the stops in getting it to market first. But before introducing the average original, the alert manufacturer must answer these questions:

1. Will our product be noticeably superior to its imitators?
2. Are new technological advances in the manufacturing of the product on the horizon? Will competitors be able to put them to work to improve quality or whittle the price?
3. Are other companies already working on similar products, thus cutting into the period available for the first-on-the-market to strengthen its hold?
4. Have we a sufficiently large budget for advertising and sales promotion to ride out the rough weather when price-cutting imitations appear?
5. What, in view of past experience, will be the time-lag before similar products appear? Will we have time

to build strong brand recognition?
6. Are trademark and packaging both striking and easily recalled so that our product will stand out distinctively when imitative items are clustered around it?
7. Is there a large enough repeat market for the product so that competitors will help boost the total market demand? Will our smaller share of the market two years hence actually produce a larger volume?

Solid answers to these and other questions will enable the innovating company to stay ahead of competitors who profitably follow the leader. But Emerson's dictum that "Imitation is suicide" is apparently no longer valid.

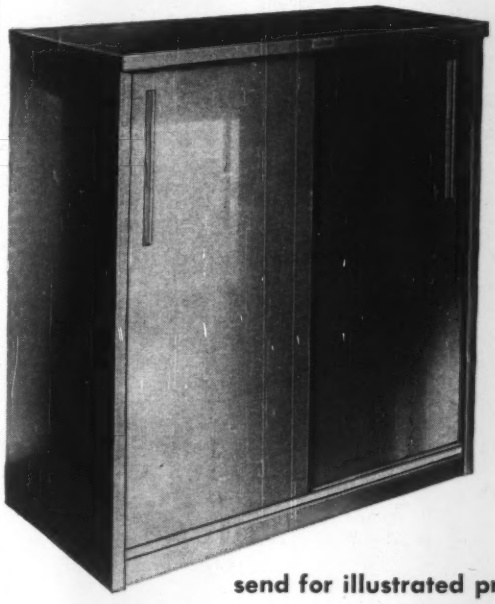
Little Share in Sales

Results of a recent survey of 2,000 stockholders taken by the United Shareholders of America indicate that most companies still have a long way to go to develop sales-consciousness among stockholders, who now number about 12.5 million. For instance, only 865—43 per cent—could correctly name products made by the companies they own. Fifty-one per cent had no idea of the products; 6 per cent tried to guess but missed.

Since 64 per cent of the surveyed stockholders had incomes above $10,000 and 24 per cent were in the $25,000 and up bracket, many companies seem to be overlooking gold dust right on their own doorsteps. —T.K.

THE SHOPPER'S LOT *becomes easier now that a new battery-powered trailer has begun regular runs at a shopping center in suburban Minneapolis. According to surveys, the leading objection to sprawling shopping centers is, "You have to walk so far." The trailer, which carries loaded shopping carts as well as shoppers, cuts retailers' expenses, since fewer carry-out boys are needed.*

BORROUGHS
new and improved cabinets
The Cabinets of the Year!



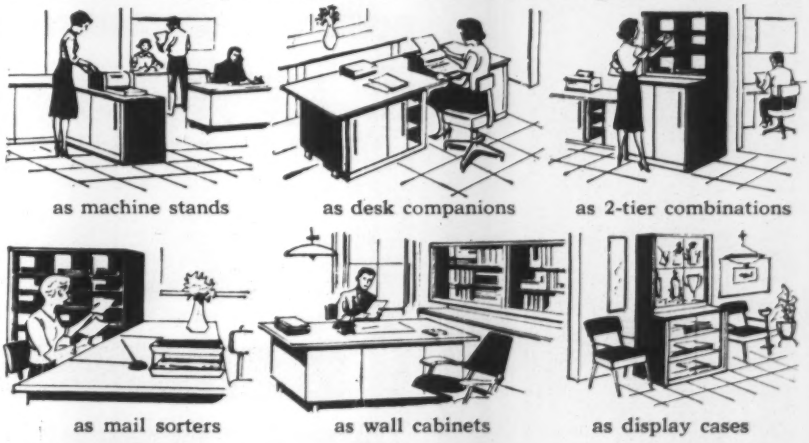
Borroughs "42"
Styled by Dietrich

THIS BEAUTIFUL 42"-high Sliding-Door Cabinet, like its 29" and 78" companions, is definitely outstanding in advanced styling and functional features. Long, graceful, vertical door pulls slide doors smoothly and quietly, with finger-tip ease, on nylon rollers. Door pulls and roller tracks are anodized aluminum, with a rich butler-type finish. Learn more about this important addition to your office.

send for illustrated price list

Borroughs' popular cabinet line also includes open-face cabinets in heights of 29", 42", 78", 84". All Borroughs sliding-door and open-face units come in 12" and 18" depths—36" wide—and have sliding shelves that are quickly adjustable without nuts or bolts. There's a choice of 5 modern colors, in electrostatically baked-on enamel.

there's always a place for Borroughs Cabinets



as machine stands | as desk companions | as 2-tier combinations
as mail sorters | as wall cabinets | as display cases

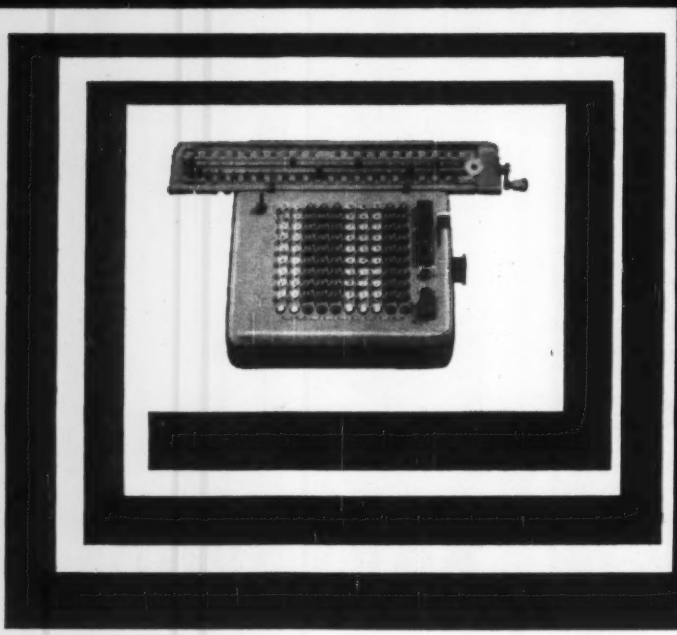
BORROUGHS MANUFACTURING COMPANY OF KALAMAZOO
A SUBSIDIARY OF THE AMERICAN METAL PRODUCTS COMPANY OF DETROIT
3064 NORTH BURDICK ST. amp® KALAMAZOO, MICHIGAN

NEW—*Another Achievement from Monroe*

Never before has so much calculator function been compacted into so small a unit. Or so low a price. This is LA-9, the newest, the ultimate in Monroe's famous L line calculators. This one's honored antecedents today are accomplishing their time and money saving missions on more desks in American business than any other calculator. LA-9 covers less area than a letterhead sheet, weighs less than 18 pounds. Yet this new compact automatically performs many of the jobs that much bigger and costlier machines do. Its peak performance is guaranteed and maintained by Monroe's nationwide service organization. And at so moderate a price, it can quickly pay for itself through its efficiencies.

for CALCULATING · ADDING · ACCOUNTING · DATA PROCESSING MACHINES

See the MAN from MONROE



Monroe Calculating Machine Company, Inc. Sales and service in principal cities everywhere. General offices, Orange, N. J.

A DIVISION OF LITTON INDUSTRIES

Leader of the "new conservatism,"

Sen. Goldwater works for future victory

"ULTRA-LIBERALS are the real political reactionaries. They want to repeat the mistakes of history." The words are those of Barry Morris Goldwater, U. S. Senator from Arizona, the Republican Party's conservative extraordinary, who sees in the heavy popular vote for Nixon a great upsurge of conservatism—a political philosophy of which he long has been a leader.

Goldwater has an abundance of that great political asset—personal magnetism. His supporters stay with him, and he is adding to their numbers. His victory over Ernest MacFarland in the 1952 Senate race was a political achievement that impressed even his enemies. He unseated the Senate majority leader by a wide margin in a state that was two-to-one Democratic.

Goldwater is convinced that most Americans are conservative, just as a majority of nations that once turned left have switched back again.

The Senator believes the last election gave unmistakable evidence of public support for conservative policies. The number of lawmakers who will join in the conservative coalition will increase, he says, and young people to a surprising extent will array themselves against concentrated Government power.

Asked for more details of his thinking on economic matters, Sen. Goldwater replies that "business is hampered on every hand by Federal bureaus and agencies." Business would be a vital partner, he says, in carrying out the foreign, fiscal, labor, and

"Private enterprise can prosper only if a Federal union of sovereign states is maintained, instead of a centralized welfare state."

SEN. BARRY M. GOLDWATER

other broad policies for which he is battling.

Supreme Court judgments show how difficult it is to find someone who does not come under the Commerce clause of the Constitution, the Arizonian says. "Evil attacks on states' rights come from advocates of the welfare state in which the Government takes over the cradle-to-grave responsibilities—and from those who make more money being unemployed than being employed."

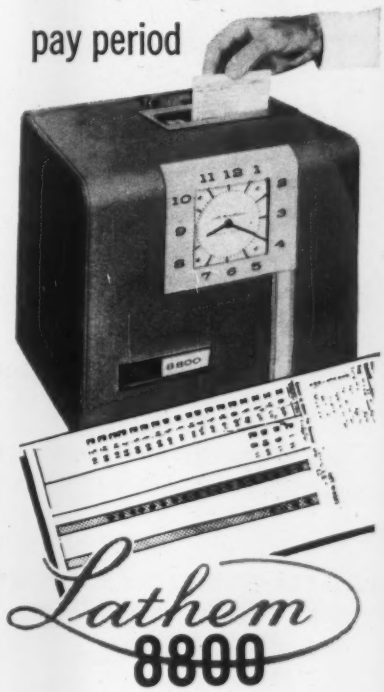
The minority leader of the Senate Labor and Welfare Committee deplores the trend to a dependent society. "We must preserve freedom of opportunity. We must make America economically strong. Business must be released from Government strangulation, for free enterprise—without bureaucratic direction—can forge the

a new consecutive

time recorder

for any length

pay period



Weekly, two-weekly, semi-monthly, even monthly payrolls can now be kept on a single time card . . . using the Lathem 8800. For this fully automatic Lathem 8800 records in one or two columns, as you prefer. This exclusive feature doubles the number of registrations on a single side of the time card. And there is a Lathem time card available to fill your specific requirements. Write, wire or call today for complete information.

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GENTLEMEN:
Without obligation, please send me full information, including prices, about the completely automatic 8800 Time Recorder.

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COMPANY_____
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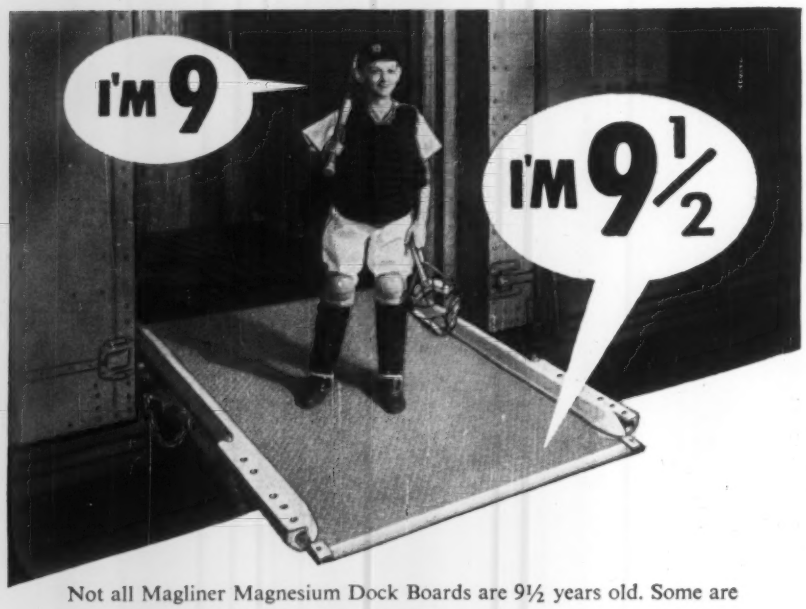
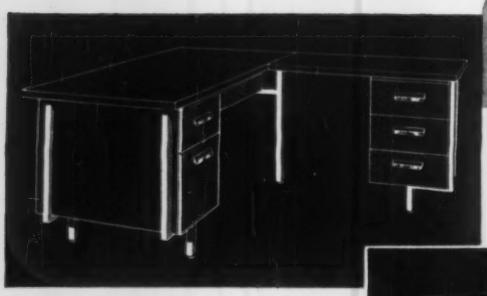


Not all Magliner Magnesium Dock Boards are 9½ years old. Some are even older, and thousands are newer. The old ones, you see, sell the new ones as more companies discover that *longer* quality and *longer* service life are built into every Magliner. They're man savers, time savers, *money-savers*, too! Send today for your copy of "Difficult Dock Problems"—the bulletin that helps you *spot and correct* high-cost dock loading problems.

Request Bulletin DB-204, Magline Inc., P. O. Box 39, Pinconning, Mich.

MAGLINER MAGNESIUM DOCK BOARDS

Which desk goes better in your offices?



MODULAR?
Dramatic styling — modular flexibility — colorfully attractive

CONVENTIONAL?
Quiet styling — conservative appearance — smoothly proportioned

The two desk styles shown here are made by H-O-N. And there is a demand for each kind. You may have a strong preference for one or the other. In either case, an H-O-N dealer can satisfy your desk requirements, completely . . . with Millionaire Modular or Contvaire Conventional.

H-O-N OFFICE EQUIPMENT

Ask your H-O-N dealer to show you the improved construction features and desirable utility features that distinguish both H-O-N styles as solid values for your desk investment. Write H-O-N Co., Muscatine, Iowa for literature, and dealer's name in your city.

nation's maximum economic power. The economic and spiritual aspects of men's nature are inextricably mixed. He cannot be economically free or efficient is he is enslaved politically."

An observation Goldwater has made many times, with direct reference to the Declaration of Independence, is this: "We are endowed by the Creator with certain unalienable rights. Among these are life, liberty and the pursuit of happiness. If we stick to those objectives we can do more than Government can do under the guise of welfare."

He thinks private charity should do more and that Government help should come from state and local agencies. "Over 30 million people receive Federal checks every month," he notes. "The founders of this nation gave us a system magnificently calculated to serve best the governmental needs of free men. They did not believe for a minute that we could spend our way out of trouble and spend our way into a better tomorrow. We should not accept the lopsided concept of man which puts him in the shameful position of everlasting dependence on the state."

Goldwater is convinced, however, that never before in the history of the Republic has the wisdom of those Founding Fathers been more apparent. He hopes to persuade all voters that when political leaders "support unsound welfare schemes, their aim is to get votes."

He warns the country's physicians that if the present trend continues, the nation surely will wind up with a Government-backed socialized medical program. (On another controversial legislative issue that will come before the next Congress, Goldwater notes that fewer farmers can satisfy the demand for food and fiber: He is therefore for "prompt and final" termination of subsidies.)

"Victory," he believes, "must be the goal of American foreign policy. Not peace but victory. The goal of the U.S.S.R. is victory. Victory must be the cornerstone of our policy."

Goldwater would withdraw diplomatic privileges of all Communist countries. He wants no part in peaceful coexistence. "We need not be bellicose," he says. "Neither should we encourage others to think that American rights can be violated with impunity. We may not make foreign people love us—no nation has succeeded in doing that—but respect is

the stuff of which firm alliances and enduring cooperation is made."

On the domestic front, the trend toward socialism and centralization is going to meet more determined opposition in this Congress than ever before, Goldwater anticipates, because the "radical" programs the Administration is expected to push will call forth opposition.

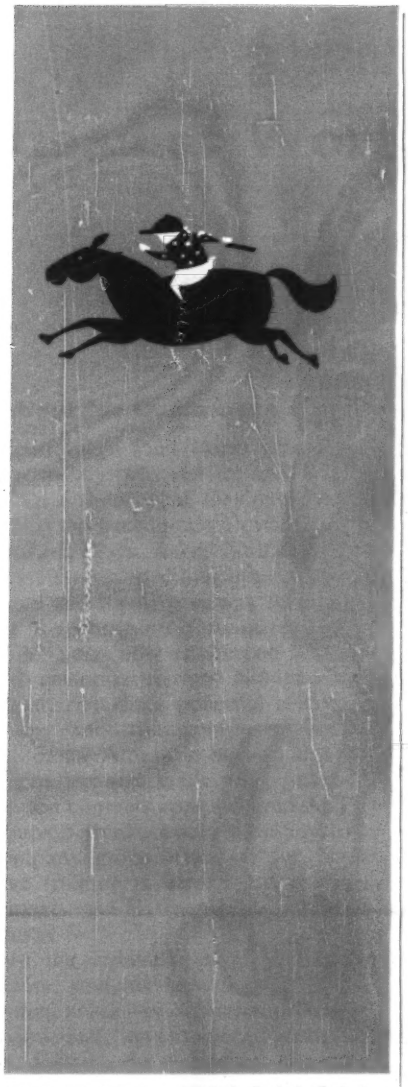
Massive power concentrated in the hands of a few labor bosses is a public menace, he is convinced. He would eliminate industry-wide bargaining and make unions subject to the anti-trust statutes. Goldwater believes in unions, but he also believes in incentive wages. He applies that principle in his own business, and is convinced that across-the-board wage increases do serious damage to the economy.

Government has the right to claim an equal percentage of a man's income and no more, Goldwater tells the Senate every time a tax bill comes up. "What if real estate should be taxed according to the wealth of the owner?" he asks, and continues, "Graduated income tax is confiscation—a plan to redistribute the nation's wealth. I am opposed to penalizing success."

With regard to civil rights, Goldwater believes segregated schools "carry a strong implication of inferiority," but he is convinced that "social and cultural change, however desirable, should not be affected by the engines of national power." He regards states' rights as a bulwark against Federal encroachment, and is the chief states' righter on the Republican side of the aisle.

One observer has said that "a wind is blowing in from the West, and there is evidence that it may become a tornado." There no longer is doubt that the Arizona Senator has a national following, and an intra-party tug-of-war between Goldwater conservatives and Rockefeller liberals may take place during the next four years. The Democrats have scored heavily with liberal policies, but developments at the Republican convention in Chicago and the election returns in November give Goldwater much satisfaction.

In the enormous sale of his book, *The Conscience of a Conservative*—a sale which surprised him and the publishers who turned down the manuscript—he sees as an indication that conservatism is on the march. There is little doubt that he will be at its head. END



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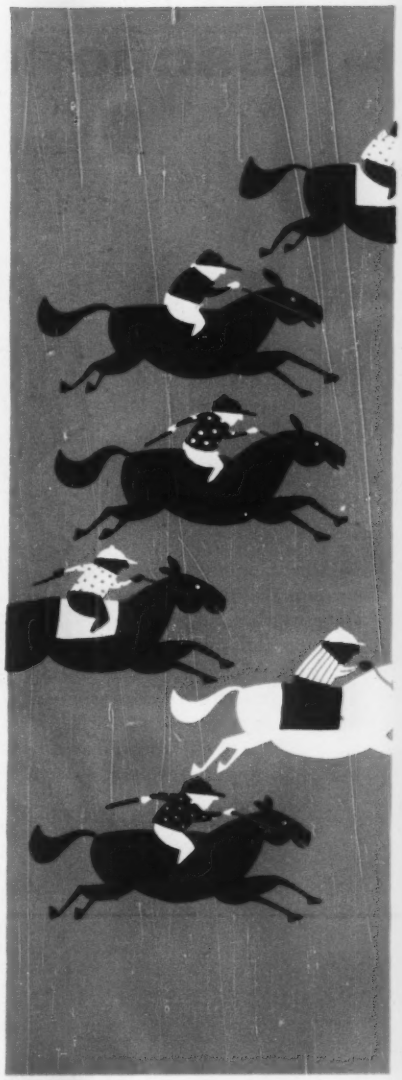

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The reason is: they get highest quality, broadest selection (over 80 grades), stocks for immediate shipment, standard forms or precision-fabricated parts.

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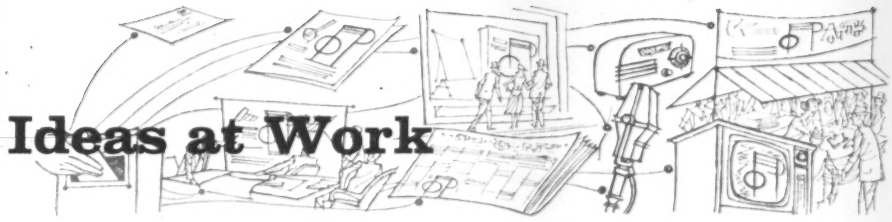

Ideas at Work

Prospects enroll in company courses

New free-of-charge service: public relations counseling

Letting the customers set their own bills

School for Customers

If customers don't storm your front door to buy, why not set up a school to teach them what they're missing? This is the question the Devcon Corp., Danvers, Mass., asked itself. Producers of plastic steel and other maintenance and repair products for industry, the company (annual sales $4 million) has now established how-to-be-a customer courses. Students are drawn from three potential customer groups: industrial companies, members of the American Society of Tool Engineers, and trade high schools. Devcon contacts company and ASTE groups it thinks would be interested. Company groups meet at the plant after training directors line up participants. ASTE members gather at a hotel.

In the industrial and engineering classes, students view slides demonstrating actual use of Devcon products. A practical, on-the-spot demonstration follows. As a clincher, kits containing plastic steel and other products, plus an assortment of industrial tools in need of repair, are passed out. Each pack's cost, ranging from $5 to $15, is borne by Devcon. So are related expenses like refreshments.

Devcon distributors, who organize the classes, take off their coats, roll up their sleeves, and guide each student's work. Normally, students welcome a do-it-yourself opportunity. They repair broken castings, fill holes that have been machined incorrectly, make metal-forming dies or holding fixtures, and so on.

"Everyone gets his hands dirty, but at the end of the course each man has a thorough knowledge of all materials," says Albert M. Creighton, Jr., president of the company. Students also receive written material on the products. They keep their handiwork, and often enthusiastically display it to others—thereby building up word-of-mouth advertising.

Classes vary in size from 20 to 50 students, and in length from two to eight hours. To maintain enthusiasm, Devcon sponsors a refresher course a year after the original meeting. Slides are shown of the new uses to which company products are put, and students get additional technical training. Reaction to the program? Numerous companies have arranged for repeats. The Norfolk Navy Yard, for example, has played host to eight courses.

The high school program, a potential weak sister, is also paying off, Creighton reports. Since 1957, when the first course was taught at a Cin-

Key to Business Diplomacy

The Ohio Oil Company, which has operations in several Middle Eastern countries, is teaching employees the customs and language of areas to which they might someday be assigned. Like many U.S. corporations operating overseas, the company has found that employees who are ignorant of the language or customs of the country to which they are assigned inadvertently stir up hostility towards the U. S.

The Ohio Oil course, taught by Dr. Evans E. Gazala, staff assistant to the manager of the corporate funds division, concentrates on colloquial Arabic. It emphasizes the practical conversation needed in local restaurants, taxis, and shops, development of a proper guttural accent, and acquisition of a limited ability to read Arabic script.

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IMPROVED PRODUCT...
AND PROFITS!

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Outstanding
SHEET METAL
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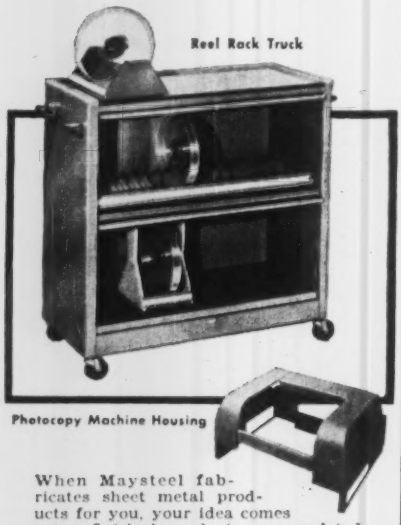

When Maysteel fabricates sheet metal products for you, your idea comes out a finished product, or completed assembly ready for drop-shipment. You get the benefit of Maysteel's creative designing, precision fabrication, and production efficiency unsurpassed in metal fabrication.

You can expect superior *finishes*, too, with Maysteel's automated finishing facilities . . . Precision control in cleaning, phosphatizing, paint mixing, temperature control, spraying techniques, the latest Infra-Red drying and baking — all assure superior appearance, more durable finishes in any color, any type.

Put this complete service to work for *your* benefit in steel, stainless, magnesium or aluminum.

Send your blueprint for review and quotation. Write for brochure "Modern Progress in Sheet Metal Fabrication."

Maysteel PRODUCTS Inc.

740 N. Plankinton Ave., Milwaukee 3, Wis.

cinnati trade school, some 30 courses have been held in twenty trade schools throughout the country. Student kits contain various company products, mixing spoons, a putty knife, and instructions. The content of the course is similar to that for the adult groups, but the distribution of kits is limited. Creighton observes happily that today it is far more usual for trade schools to contact the company about setting up a course than vice versa.

Public Relations on Call

One New York welding supply company, sponsoring free courses for the welders and metalworking employees of local concerns, knew it could cash in on the good will and sales the courses would generate. But what it didn't know was how to publicize the program on a low advertising budget.

Looking for advice, it dropped a note to its own supplier, All-State Welding Alloys, Inc., White Plains, N.Y. The reply it got from All-State's publicity department was prompt, detailed, and imaginative. It suggested sending a series of publicity releases to a New York newspaper, and urged local franchise advertising in a welding magazine. To top off this modest campaign, All-State suggested the company notify the presidents of local manufacturing companies about the course—and incidentally advise them of welding's benefits to manufacturing.

The New York company adopted these ideas, and enjoyed a "highly favorable" response. Its bill from All-State? Nothing. It had simply cashed in on a free public relations service All-State recently set up for 1,000 distributors throughout the world.

The service, conducted on an individualized basis, was launched to increase All-State publicity on the regional level, and multiply the results of sales promotion efforts. There are no strings attached. Distributors get free advice even if All-State products get no plug.

Despite the obvious, free-of-cost advantages, All-State coaxes distributors to utilize its service—and reports a strong response. An "education" program came first, paced by a steady flow of material extolling good public relations and the values of publicity. Distributors received reprints of trade magazine articles describing the use of All-State products, with a note pointing out that distributors named in the articles had been contacted by potential customers, and frequently made lucrative sales.

All-State tackles any PR problems distributors may have. Some typical examples: setting up a sales promotion campaign, participating in a trade show, launching a direct mail campaign. It also offers advice on the mechanics of public relations—the nuts-and-bolts of setting up a press release, how to offer a publication an "exclusive," what photographs to send in with news stories. Ordinarily, All-State stops short of actually writing and placing releases for distributors, since they know more about local situations and can thus handle releases more effectively themselves.

How Much Is Too Much?

Does good business practice still demand that "the customer is always right"? Not at the Mississippi Power & Light Company, Jackson, Miss., which not only tells a customer if he's wrong, but persuades him he's lucky he himself doesn't make out the bills.

Mississippi Power zeroes in on a problem that plagues all utilities and many service companies and retailers: complaints about "excessive" charges. Instead of acknowledging such complaints with a polite form letter, and dunning the customer anew, Mississippi Power sends a representative to the complainant's home to discuss his objections. The discussion ranges over the customer's reliance on electricity, the number of appliances he uses, and the over-all benefits he derives from electric power.

During the talk, the customer is asked to suggest a reasonable price for the electricity used in operating each appliance. "By having the customer make his own evaluation in the presence of the company representative and summing up the total," says General Sales Manager J. J. Powell, "we have found that in 90 per cent of the cases the customer will place more value on the individual services than we actually charge him. But until he separates them, appliance by appliance, the total seems too large."

To button up its case, the company gives the customer a folder titled "Analyze and Realize," covering the points developed during the interview. Used for about five years (at a cost of 2 cents each in lots of 10,000), the folder is characterized by Powell as "a very helpful tool." —J.J.F.

First Operational Reports in!

New '61 Larks in actual fleet service save 10% • 14% • 16% • 25% over other fleet cars

What should you expect to gain when you put '61 Larks into your own fleet? Here is a certified report by the United States Testing Company, based on daily use of The Lark under normal operating conditions in four giant fleets:

All drivers were favorably impressed with the increased power and acceleration of the new Skybolt Six engine – the responsive, easy steering of the new steering/suspension complex – the excellent handling and maneuverability all through.

And the report makes specific cost comparisons with the most widely used fleet cars—Chevrolet, Ford, Plymouth, in comparable models. Here's what you save:

Initial cost **averages 14% less . . .** ***Insurance*** **(with Illinois as the basis) costs 10% less . . .** ***Registration and Taxes*** **(Illinois) are 16% less . . .** ***Tires*** **save approximately 15% . . .** ***Repairs and Replacements*** **(from MOTOR's 1960 Crash Book) average 25% less . . .** ***Gas Consumption*** **(based on 5,000 everyday drivers) was more than 15% better.**

These are unmatched advantages in economy. In fact, they top the savings on any other compact car as well. And they show you why each day's mail brings such Lark Fleet orders as 35 for a mid-western route sales operator, 566 for a western state, 134 for an eastern taxi fleet, 51 for one telephone company, 38 for a municipal Police force in the southwest.

THE '61 LARK BY STUDEBAKER

YOU HAVE TO DRIVE IT TO BELIEVE IT!

GET THE FULL STORY ON FLEET SAVINGS!

Fleet Sales Division, Studebaker-Packard Corporation, South Bend 27, Ind.

- ☐ Send us informative literature only
- ☐ Have a factory representative call me for an appointment
- ☐ Also send information on Studebaker truck savings

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PLEASE PRINT

TITLE _____

COMPANY _____

ADDRESS _____

DR 1-61-F5

Arthur Krim (Left) and Robert Benjamin (Right) of United Artists Corporation

Good Businessmen and Heller Creative Financing made United Artists the Movie Industry's Pattern for Profits

When Arthur Krim and Robert Benjamin took over United Artists Corporation, film distributors, in 1951, the firm was foundering, in a magnificent way, in a progressively sagging industry. Founded by Pickford, Fairbanks, Chaplin, and Griffith, United Artists owed $1 million, was losing $100 thousand a week.

Lawyers Krim and Benjamin had specialized in the entertainment field. They knew that profits were at least possible in movies, and believed that different business methods would make U.A. pay. Heller was of the same opinion.

Heller financed United Artists' program of acquiring films for distribution, and the Krim-Benjamin team brought imagination, courage, and ability to the distribution process.

Under a Heller financing plan designed for United Artists, the new management was well in the black the first year, made $4 million profit last year.

Thus, once more—this time behind the sets and on locations the world around—the Heller success combination is illustrated: Good businessmen, and creative financing—each useless without the other, extremely potent together.

If your annual sales are upward of a quarter million, Heller's new booklet may suggest how you may strengthen your position and increase your profits. Write for your copy today—there's no obligation.

One billion dollars annually for industry

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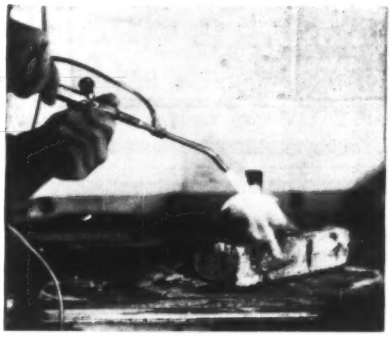
Walter E. Heller & Co., of California • 849 S. Broadway, Los Angeles 14

New Product Parade

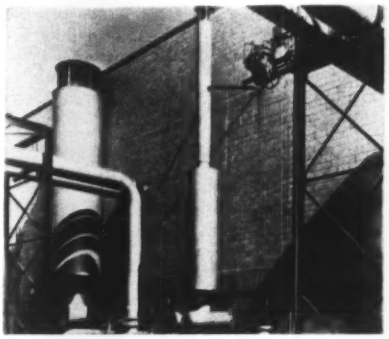
Quieting industrial noises; space-saving office files.

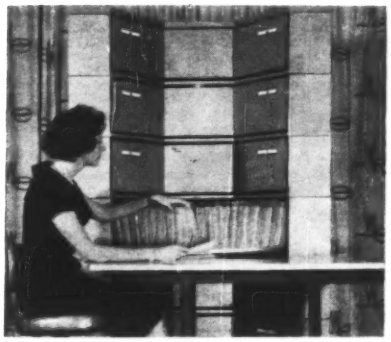
INSTANT TRANSPARENCIES: Transparencies can now be made on a standard copying machine for overhead projection, in a matter of seconds. Data can be added by running transparencies through the copier or by writing in grease pencil. *"Thermo-Fax Projection Transparencies," Minnesota Mining and Manufacturing Co., 900 Bush Ave., St. Paul 6, Minn.*



METAL SURFACING: High-melting-point metals can be deposited on low-melting-point metals in smooth coatings as thin as .003 inch, by means of an oxyacetylene flame. A dual-tipped torch disperses hard, powdered alloys directly into the flame. *"Aircospray," Air Reduction Sales Company, Inc., 150 East 42nd Street, New York 17.*

INDUSTRIAL SILENCE: A new, complete line of standard silencing devices is now available to reduce industrial noises. Five series of mufflers will quiet high-, medium-, low-, and pulsating-velocity discharge noises of such equipment as blow-off valves, steam jet ejectors, blowers, and diesels. *Industrial Acoustics Company, Inc., 341 Jackson Ave., New York 54.*





ADD-ON FILING: This new rotary file can be expanded without using additional floor space. Six tiers can be stacked together as needed, and each tier has about the same capacity as four file drawers. For access, the equivalent of almost a full file drawer can be exposed at a time. *"Speedline," Wassell Organization, Inc., 225 State Street West, Wesport, Conn.*

continued on page 92

YOU DON'T NEED ANOTHER WAREHOUSE!

Sooner or later, you may run out of warehouse space. Most growing companies do.

When that time comes, what will you do?

Add onto your present warehouse? Build a new one? Either way, you'd spend thousands of dollars at current building costs and add to your already high property taxes, maintenance and general overhead. Even leasing additional space would cost as much, or more, in the long run.

Frankly, we think you've got the extra space right now without knowing it. Most companies have floor area and ceiling heights that aren't being used to advantage. With just a few simple, inexpensive changes, you could probably store at least one third more in your present warehouse.

Over the years, we have improved the handling operations for all types of industries. In many instances, the results have been nothing short of astonishing. Perhaps you'd like to see what we've done for others. If so, write us for case histories about companies like your own. No obligation, of course.

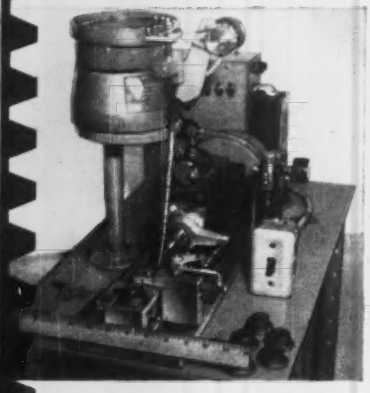
RAYMOND®

Originator and world's largest builder of narrow aisle trucks

The RAYMOND CORPORATION

4628 Madison Street, Greene, New York

new hopper feeder
QUADRUPLES SET SCREW INSERTION RATES



Labor costs cut by 75%

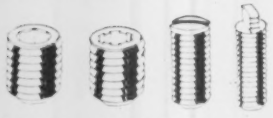
Changeover from manual to automatic insertion of set screws is now easier and more profitable than ever. More profitable because this new, compact, Setko Hopper Feeder requires less space — and, embodies advancements and refinements in design to make for greater operating efficiences. It is now possible to actually quadruple insertion rates over the hand method, while cutting labor costs by 75%.

Operation of the machine is less complicated than the hand method. All the operator has to do is feed the workpiece to the receiving pad and the machine automatically drives the screw to a predetermined depth. Every screw is uniformly inserted.

Additional savings result from a reduction in rejects and floor loss. Users report "rejects have been cut to almost zero and floor loss has been eliminated!"

More than fifteen years of experience in the design, engineering and manufacture of Hopper Feeders is behind the cost-cutting, production-increasing performance of this new model.

WILL FEED ANY TYPE OF HEADLESS SET SCREW AND WITH ANY POINT



Hex Socket, Fluted Socket, Slotted or Slabbed heads and with any type point, can all be oriented and fed with equal efficiency.

SEND TODAY FOR FULL INFORMATION
Send your specifications for full recommendations and quotations. Ask for Catalog 23 showing the full line of Setko Socket Screw Products.

SETKO
Set Screw & Mfg. Co.
729 660 Main Street, Bartlett, Illinois

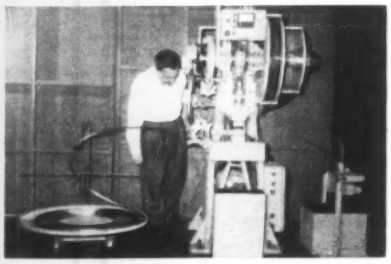
continued from page 91

REMOTE RECORDING: A new wireless communications system is designed to increase flexibility in such tasks as inventory control, shipping, and inspection. The wireless microphone transmits messages to its companion tape

recorder at distances up to ½ mile. The recorder operates only when messages are dictated, leaving no blank spaces. *"Remote-Tape," American Geloso Electronics, Inc., 251 Park Avenue South, New York.*

CUT RATE: A disposable knife reportedly reduces costs of cutting, slitting, trimming, and slicing. Down time for sharpening or changing blades is eliminated, since the knife is discarded after use. Designed for safety work on materials such as textiles, linoleum, and plastics, the knives cost 3 cents apiece. *"Throwaway Knives," Edmund Scientific Company, Barrington, N.J.*

CUT AND FORM: A new industrial press is said to both cut and form metal parts at speeds up to 1,000 strokes a minute. The strokes can be



adjusted to produce a variety of pieces ranging from minute electronic components to large parts. *Dechert Dynamics Corp., Palmyra, Pa.* —E. G.

RECORD STORAGE At Lowest Unit Cost

For Inactive Records

Provide maximum protection at minimum cost. Highest grade corrugated fibre-board. All one piece —no parts to wear, get out of order. Single eyelet closure front and back provides quick, easy closing and opening—and absolute security. Labels factory applied, gummed titling strips with each box. 25 sizes. Sold by all leading stationers.

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BANKERS BOX COMPANY
Record Storage Specialists Since 1918
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Go from $7,000 to
$10,000 a year
in less than 18 months

★ INVEST IN ★
Launderamas
Coin-Operated, Fully Automatic Laundry Stores
★ ★

Here is the perfect "second business" for the average businessman. The initial investment is surprisingly low. The rate of return is exceptionally high—and begins the day your store opens. Hundreds of businessmen have invested in LAUNDERAMAS in the past year and now enjoy substantial additions to their incomes—many by as much as 50%.

LAUNDERAMAS require no franchise fees and feature extremely low operating costs. Therefore, you can offer your customers from 40% to 60% savings on all their laundry needs. LAUNDERAMAS quickly win community acceptance and are conducive to chain operation.

LAUNDERAMAS are investments with built-in security because they are "competition-proof." Their custom-designed equipment is able to handle twice the amount of clothes the average commercial washers handle and at half the utility and maintenance costs. And this outstanding equipment is available at the lowest financing terms in the industry—10% down with the balance financed at 6% over three years.

Our nation-wide organization is ready to offer you years of experience in this success-proven field and help you develop your own coin-operated laundry store business.

For complete information and name of nearest distributor call or write:

ZEOLUX CORP.
DEPT. D
261 MADISON AVENUE
NEW YORK 16, N. Y.
YUkon 6-9740

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"Still shanghaiing secretaries?"

"All hands to the chain gang—the mailing must go out!" So high priced secretaries, bookkeepers and clerical workers are drafted for the dull, monotonous job of folding papers and stuffing envelopes. Routine is interrupted, work piles up. Sometimes a spell of overtime is required before the office gets back to normal. The girls, naturally, don't like it. Why should they?

Hand folding and stuffing are slow, time taking, high cost, and no longer justified. There's a small compact machine that takes up little space, *costs little,* can be run by anybody—that folds and stuffs better and faster and cheaper than girls. It's Pitney-Bowes' Model 3300-FH Folding and Inserting Machine.

The 3300-FH will fold and stuff into envelopes 500 single sheet enclosures in eight minutes. The inserter unit can be used separately, or with any PB folding machine.

This small combined folder and inserter can be used for statements, invoices, price lists, bulletins, cards, stapled sheets – even your daily outgoing correspondence. It's easy to set, easy to use. It's invaluable for billing.

It helps avoid work interruption, borrowing girls, hiring temporary people, and overtime. It adds greater work capacity, and soon pays for itself in even a small office.

Ask any Pitney-Bowes office for details. Or send coupon for free illustrated booklet and case studies.

FREE: *Handy desk or wall chart of latest postal rates, with parcel post map and zone finder.*

This small, compact, low-cost combined folder and inserter makes mailings easy and fast, can be used by anyone.

The larger Model 3100 Inserter can stuff up to six enclosures at once, at speeds up to 6,000 an hour. And can be attached to a PB postage meter to stamp and seal the stuffed envelopes.

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FOLDERS & INSERTERS

Made by the originator of the postage meter . . . 139 offices in the U. S. and Canada, with nationwide service coast to coast.

PITNEY-BOWES, INC.
1571 Crosby St., Stamford, Conn.

Send free ☐ *illustrated booklet and "case studies" on PB Folding and Inserting Machines;* ☐ *Postal Rate Chart.*

*Name*_____

*Address*_____

Electricity lights the way

. . . and commercial banks play a big part in illuminating the nation

. . .

Along city streets, down quiet suburban lanes and out across the byways that lead to distant farms—electricity lights the nation's way.

And commercial banks contribute.

With loans and financial services, banks help private companies create electricity, distribute it and extend power lines to new industrial and residential frontiers.

On the consumer side, bank loans frequently help wire the home and provide ready money to buy electrical appliances in neighborhood stores.

The Chase Manhattan Bank of New York, the leading lender to business and industry, is proud to be a part of the commercial banking system that helps private enterprise keep America strong.

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Head Office: New York 15, N. Y.
Member Federal Deposit Insurance Corporation

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Cleveland 13, 635 Terminal Tower, TOwer 1-3520 ..... Harry O. Andrews

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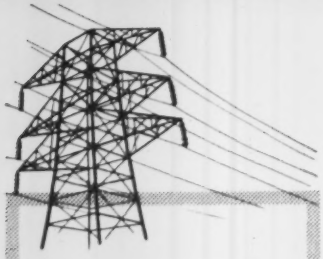

Southern California Edison Company

DIVIDENDS

The Board of Directors has authorized the payment of the following quarterly dividends:

COMMON STOCK
Dividend No. 204
65 cents per share;

PREFERENCE STOCK,
4.48% CONVERTIBLE SERIES
Dividend No. 55
28 cents per share;

PREFERENCE STOCK,
4.56% CONVERTIBLE SERIES
Dividend No. 51
28½ cents per share.

The above dividends are payable January 31, 1961 to stockholders of record January 5. *Checks will be mailed from the Company's office in Los Angeles, January 31.*

Common Stock Dividend No. 204 is not payable upon the shares of Common Stock to be distributed on or prior to February 24, 1961 as a result of the stock dividend declared November 17, 1960 by the Board of Directors.

P. C. HALE, *Treasurer*

December 15, 1960

Edison

Panama-Beaver

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Inked ribbons
Unimasters

Coast to Coast Distribution

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Brooklyn, New York

THE "WHIPPET" MARKER

Automatically dates, codes, or marks production runs of cartons, packages, filled bags, boxes, rolls, cans, etc. For candy manufacturers, food packers, distillers, oil companies, etc. Send for free catalogue.

THE INDUSTRIAL MARKING EQUIPMENT COMPANY, INC.
655 Berriman Street, Brooklyn 8, N.Y., Dept. DR

The Reviewing Stand

A Call for Common Sense

The slim difference in the popular vote for the Presidency has some reassuring factors. The farmers didn't vote primarily as farmers, labor didn't vote as labor, and the religious issue faded under the more immediate pressure of economic conditions. Mr. Kennedy still has the Democratic platform to pick apart plank by plank without getting splinters in his fingers. He has a vocal and substantially increased opposition in the House, and a promise to the voters can easily turn into a compromise when legislative sparring partners get through with it.

The slim difference in the popular vote means that President-elect Kennedy can't go it alone on a one-party instruction. We need a coalition policy in foreign affairs, and a common-sense understanding on economics at home, one in which laborer, farmer, and business man accept their joint risk and responsibility in a recovery and growth program. Kennedy, to his credit, seems to realize this, and his Cabinet appointments look hopeful.

Chilling the Customer

Some years ago, the editor was in a depositors' line in a small-town bank which had the old-time architecture of a Greek temple. There was an old Italian fruit farmer just ahead of him who had a handful of green leaves with the color and flavor of the Government printing press bulging between the covers of his bank book.

The teller was having a dispute with the adding machine, and was in a bad mood. The fruit grower pushed his deposit under the wicket.

"What's your hurry?" asked the teller. "Can't you see I'm busy?"

"'Scusa me," said the farmer, pulling back his green crop, which looked very attractive to less affluent people, such as the editor with his paycheck.

Just then, the president of the bank walked by. "Good morning, Rocco," he said. They shook hands.

"Put on your hat, Rocco, you're not in church. Some people around here don't recognize a customer when they see one."

The president went back of the wicket and elbowed the teller aside. "We're never too busy to take your money, Rocco. We need some of it, you know, to pay our tellers."

The story may not be typical of banking techniques and customer relations, even in those days, but it does reflect the attitude toward an institutional image in which prestige had become an oppressive and negative force in its influence on employees.

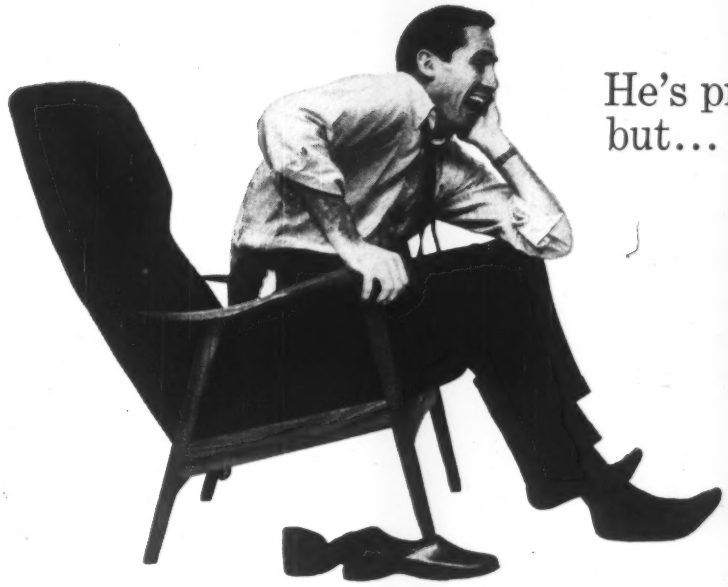
Modern banking has done much to erase this picture, and to change the attitude of its men and women who meet depositors. The bank is no longer a mausoleum for money, but the laboratory where it is processed into a dynamic instrument of credit.

When we attempt to create an impression, we have to make a distinction between dignity and snobbery, between assurance and chill assumptions of prestige. Commercial bank architecture has shifted from the old museum design, with its funereal shadows, to emphasis on space and light, with room for the good-natured atmosphere that evokes a smile on a teller's face. If banks have learned their lesson, it is still to be learned in some auto showrooms, department stores, and especially in the "carriage trade" shops. "Pride goeth before a fall," in sales volume as well as self-esteem.

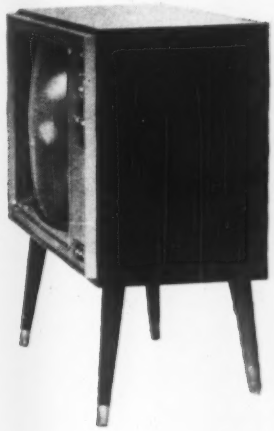
Scrambled Ratios

An unfortunate transposition of type occurred in "14 Important Ratios in 24 Wholesale Lines" on page 95 of our November issue. To make amends, we are offering a brochure of the complete, correct ratios with comment. If you want a copy, write to the Reviewing Stand, DUN'S REVIEW, 99 Church Street, New York 8, N.Y.

—A.M.S.



He's pre-sold here,
but...



when he turns to the Yellow Pages, he's ready to buy

Advertise regionally or nationally? Then it's vital to complete your selling cycle by advertising in the Yellow Pages. The Yellow Pages reaches your customers at a vital time – *right* when they're ready to buy.

With National Yellow Pages Service, you can run *selling* advertising in the Yellow Pages – ads that support and strengthen your campaign.

Another National Yellow Pages Service feature: you buy any combination of up to 4,000 directories across the country to fit your marketing pattern. And no red tape. One contact, one contract, one monthly bill cover your NYPS program.

For details on how you can sell better, contact your National Yellow Pages Service representative through your Bell Telephone Business Office.

NATIONAL YELLOW PAGES SERVICE

ONE CONTACT/ONE CONTRACT/ONE MONTHLY BILL

That real cost figure tells him why lubrication is a management responsibility

When a bearing fails, a new one will cost, say, $50. But if that failed bearing shuts down your entire production line, the resulting downtime and lost production can run the bill up to $3,000 or more. And that's your *real* replacement cost.

Only management can effect a cure for this severe bite out of profits. Here's why:

A failed part is only a symptom; very often the *cause* is improper lubrication. The part can be replaced but the cause remains. The machine will fail again.

Like any plant-wide operation procedure, an organized lubrication system—which will prevent the vast majority of equipment failures—has to come from the top. For this reason, lubrication is a management responsibility.

For a preview of what Organized Lubrication can accomplish in your plant, we invite you to see our new movie "Stop Loss with Organized Lubrication." For an early showing, write:

Texaco Inc., 135 East 42nd Street, New York, N. Y., Dept. D-172.

LUBRICATION IS A MAJOR FACTOR IN COST CONTROL